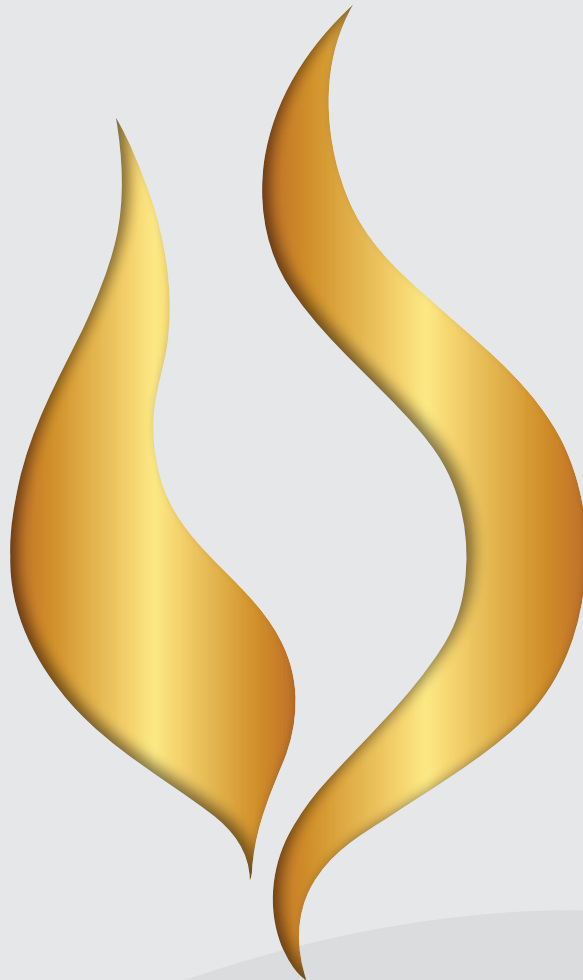




The Institute of
Internal Auditors
Malaysia



Ignite Innovation in Auditing

ANNUAL REPORT

| **2023**



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The background of the cover is a dark, almost black, space. On the right side, there is a large, glowing lightbulb. Inside the lightbulb, there are intricate, golden, swirling patterns that resemble liquid or smoke. The light from the bulb illuminates the surrounding area, creating a warm, golden glow. On the left side, there are large, flowing, golden shapes that look like liquid or smoke, cascading down. The overall effect is one of dynamic movement and warmth.

ANNUAL REPORT

2023



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VISION MISSION & OBJECTIVES

Vision

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



Mission

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

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



Objectives

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



Motto: "Elevating Impact"



VALUES



COLLABORATION



COURAGE



UNITY IN DIVERSITY



NATIONAL AND REGIONAL MINDSET



INNOVATION



INTEGRITY



SERVICE EXCELLENCE



RESPECT



PROFESSIONALISM



The Institute of Internal Auditors Malaysia

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty-Ninth (29th) Annual General Meeting of The Institute of Internal Auditors Malaysia will be held at Garden 1, Level 2, PARKROYAL COLLECTION Kuala Lumpur, Jalan Sultan Ismail Bukit Bintang, 50250 Kuala Lumpur on Saturday, 22nd June 2024 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 2023 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 of the Institute's Constitution:-
 - Affeiz bin Abdul Razak;
 - Mohd Khaidzir bin Shahari;
 - Tay Boon Hock;
 - Santosh A/L P. Govindan Kutty Nair; and
 - Philip Satish Rao.

Affeiz bin Abdul Razak, Mohd Khaidzir bin Shahari, Tay Boon Hock, Santosh A/L P. Govindan Kutty Nair and Philip Satish Rao have offered themselves for re-election.
 - b. Elect new members to the Board of Governors for the year 2024/2025 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

31 May 2024

The Institute of Internal Auditors Malaysia

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

NOTES:-

1. 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.
2. 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.

3. **Audited Financial Statements for the financial year ended 31 December 2023**

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.

Profile of the Board of Governors

2023/2024



PRESIDENT

DOMINIC CHEGNE HOW KOOI *MBA, CIMA*

Dominic is a Partner in the Risk Assurance Services (RAS) unit within PricewaterhouseCoopers (PwC) Kuala Lumpur office. His employment history spans over 25 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. His portfolio also resides in a large number of Financial Institutions (both local and international) on compliance matters predominantly in AML/CFT and Compliance/ Regulatory Assessments.



VICE PRESIDENT 1

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

Affeiz Abdul Razak is a Member of IIAM's Board of Governors (BOG) and currently serves in the EXCO as Vice President I. 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), Business Continuity Management (BCM) and Crisis Management Advisory Services as well as GRC Integrated Solutions. He has more than 20 years of experience in GRC, IA, BCM and Crisis Management, 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.

Affeiz 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.

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

Profile of the Board of Governors

2023/2024



VICE PRESIDENT 2

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

Santosh Govind has more than 37 years of working experience which includes Internal Auditing, Risk Management, External Auditing and in the Finance fraternity. He has close to 23 years of internal auditing experience which include 19 years as a Chief Audit Executive of various listed companies. He is currently the Chief Audit Executive in Eco World International Berhad. He is also the Vice-President, EXCO member and the Chairman of the Professional Development Committee of IIA Malaysia.

Santosh holds a Master of Business Administration, a Certified Public Accountant (MICPA) and a Certified Internal Auditor (CIA). He is a member of Malaysian Institute of Certified Public Accountants (MICPA), Chartered member of IIA Malaysia (CMIIA), Member of the Malaysian Institute of Accountants (MIA) and member of the Institute of Corporate Directors Malaysia (ICDM).

Santosh is also a moderator, panelists and organising Chairman of various conferences which included participants who were directors of public listed companies and industry practitioners. He is also a HRD Corp certified trainer. He is also involved in voluntary activities and currently is the National Treasurer of the Sathya Sai International Organisation of Malaysia (non -profit NGO).

Santosh is an ambitious, inquisitive and believes in continuous learning. He is passionate in the roles that he undertakes and continually strives to be positive in facing new challenges.



HONORARY SECRETARY

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

Boon Hock is currently the Head of Internal Audit of Eco-Shop Marketing Sdn. Bhd., overseeing both internal audit and risk management functions of the fast-growing neighbourhood ultra- affordable household retailer with more than 300 stores nationwide. Prior to this, he held the position as the Head of Internal Audit for both private and public listed companies. Collectively, he has more than twenty-five years of working experience in internal and external audit, risk management and governance, accounting and finance, operations and security management, information system and process improvements, and project management.

Boon Hock is a Certified Internal Auditor (CIA), a Certified Information System Auditor (CISA), a Chartered Member of The Institute of Internal Audit Malaysia (IIAM), a professional member of Information Systems Audit and Control Association (ISACA), a fellow member of the ACCA, and a member of the Malaysia Institute of Accountants (MIA).

Boon Hock currently serves as a member of the board of governors as the Honorary Secretary 2022/2024 of IIAM and a member of the Internal Quality Assurance Committee (IQAC). Prior to his current roles, he served as an Honorary Treasurer of the IIAM 2020/2022, and member of various sub-committees of the board including the Certification & Academic Relations Committee (CARC) and Professional Service Committee from 2016 to 2022.

Profile of the Board of Governors

2023/2024



HONORARY TREASURER

DEREK LEE SIEW WENG *CMIIA, CIA, CRMA, CPA, CA, CBCI*

Derek Lee is a professional who has accumulated more than 30 years of experiences in the areas of audit (financial & internal), governance, risk, and financial management. Derek has worked in both commercial as the head of internal audit for PLC as well as leading corporate and financial functions for organisations in Malaysia and UK.

Derek has served the professional advisory role, advising and working with many business leaders on various GRC application engagements. The advisory experiences with various business owners and corporate leaders provide insights to Derek on the better approach to advocate the significance and values of GRC application across businesses and industries.

Derek is committed to engage the business community and stakeholders to advocate and showcase IIAM's roles and capabilities within the business ecosystem.



GOVERNOR

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

Khaidzir is an Advisory Partner and Head of Risk Consulting with KPMG Management and Risk Consulting Sdn Bhd. Prior to KPMG, 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. Currently, he chairs the Research and Technical Advisory Committee of IIAM. He also sits as a member of Islamic Finance Council of Malaysian Institute of Accountants.

In KPMG, he has been providing governance, risk and compliance advisory services to public listed companies, government-linked companies, multi-national corporations and large enterprises.



GOVERNOR

HAIKEL ISMAIL *MBA, CMIIA, CIA, ACMA, CRMA, CFE, CGMA, CA*

Haikel has established and led various risk management and internal audit functions in Malaysia. He was formerly the Chief Risk Officer for one of the largest Telecommunications groups in Malaysia. Prior to helming the CRO role, he was its Chief Internal Auditor. His past leadership roles also included areas involving process improvement, business turnaround, business controls, operations management, and corporate strategy.

He is currently a member of the Board of Governors, Chairman of the IQA Committee and member of the Nomination and Remuneration Committee of the Institute of Internal Auditors Malaysia.

Profile of the Board of Governors

2023/2024



GOVERNOR

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

Philip Rao is a Partner of Ernst & Young Consulting Sdn Bhd (EY). With over 33 years of experience at EY, he has served various external and internal audits, risk management and corporate governance, and corporate finance engagements apart from the experience gained through secondments in Malaysia and abroad.

Philip is the Program Director of the EY Entrepreneur of The Year (EOY) award in Malaysia. EOY is considered the world's most prestigious business award for entrepreneurs. Philip was previously an Engagement Partner for numerous Corporate Governance, Internal Audit and Enterprise Risk Management (ERM) engagements in various industries, including stock exchange and capital markets, oil & gas, plantations, construction, property development, services, manufacturing, automotive, hospitality, NGOs, power and utilities among others.

Philip is a regular speaker on topics relating to corporate governance, risk management and internal audit, locally and internationally. He also contributes articles on these topics. Philip is a member of the Global Institute Relations Committee 2022/2025.



GOVERNOR

JIMMY TIUN BENG TECK *CIA, CMIIA, C.A. (M), FCCA, FCA, MBA*

Jimmy is currently the Head of Internal Audit Department at Securities Commission Malaysia. Throughout the span of 30 years mostly in the regulatory environment, besides internal & external auditing, he was involved in evaluating corporate proposals such as IPO & RTO; administering the Take-Overs Code; investigating corporate misconducts & complaints; and mediating disputes in the securities industry. Prior to joining the Commission in 1995, he had served as an accountant in a large public listed conglomerate in Malaysia and had acquired extensive experience in statutory audit and corporate finance in one of the big international accounting firms.

Jimmy is a Certified Internal Auditor (CIA), and a fellow of The Association of Chartered Certified Accountants (ACCA) and The Institute of Chartered Accountants in England and Wales (ICAEW), and a member of the Malaysian Institute of Accountants (MIA) and The Institute of Internal Auditors Malaysia (IIAM). He is also an alumnus of TAR University of Management & Technology and obtained his Master of Business Administration (MBA) in Finance (Distinction) from University of Nottingham. He had completed the Mediation Skills Training Workshop by the Bar Council Malaysian Mediation Centre and the Program on Investment Appraisal and Management (Grade A) at Harvard University.

Profile of the Board of Governors

2023/2024



GOVERNOR

MOHAMAD YASIN BIN ABDULLAH *FCCA, FCMA, CPA (M), C.A. (M), CMIIA, CB*

Mohamad Yasin was appointed as Group Chief Audit Executive of Malayan Banking Berhad effective 9 May 2022.

Previously, Yasin took on various leadership roles at Maybank Investment Bank Berhad (Maybank IB) and Maybank Investment Banking Group (MIBG) (formerly known as Maybank Kim Eng) as Chief Financial Officer (CFO), Chief Operating Officer (COO) and Chief Executive Officer (CEO), International. Through this journey, Yasin had actively been involved in developing and ensuring the effectiveness of the governance and controls in both the front and back-office functions of MIBG. During this time, Yasin served on various Boards within MIBG.

Yasin has more than 27 years of experience in the corporate and financial industry, of which twelve (12) were spent in the capacity of CFO. Prior to joining Maybank Kim Eng and Maybank IB, he was the CFO of Unicorn International Islamic Bank Malaysia Berhad (now known as Alkhair International Islamic Bank Malaysia Berhad), an Islamic Bank licensed under the Malaysian International Islamic Finance Centre initiative. Prior to that, he worked at Suria Capital Holdings Berhad, a public-listed company, as their CFO.

Yasin's professional career began with Maybank in 1997. As a scholarship holder, he immediately joined Maybank upon graduation until 2002. Later, he joined a construction-based public-listed company, Tronoh Consolidated Malaysia Berhad (now known as Zelan Berhad) as their Finance Manager. He subsequently joined Bank Muamalat Malaysia Berhad as Head of Finance/Vice President, Finance. Yasin is a Chartered Banker of Asian Institute of Chartered Bankers. He is a Fellow Member of The Association of Chartered Certified Accountants (FCCA) and The Chartered Institute of Management Accountants (FCMA). He is also a member of The Malaysian Institute of Certified Public Accountants (MICPA) and the Malaysian Institute of Accountants (MIA). He graduated from the International Islamic University, Malaysia (IIUM) with a Bachelor of Accounting (Honours) and a Master of Business Administration in Finance.

He is also a member of Audit Committee and Professional Development Committee of The Institute of Internal Auditors Malaysia.

Profile of the Board of Governors

2023/2024



GOVERNOR

NOORLIDA MOHD KHALID *C.A. (M), CPA (M), CMIIA, CPFA (UK)*

Noorlida binti Mohd Khalid is currently the Deputy Accountant General (Operations) of the Accountant General's Department of Malaysia. She began her career as an Accountant and has served in various department in Government Sector in the last 30 years of service.

Her extensive experience includes serving as an Accountant at federal level including Ministry of Education, Federal Territories Islamic Religious Council and Ministry of Information. She then progressed her career as an Assistant Chief Accountant in the Prime Minister's Department before being appointed as Deputy Director, Accrual Accounting Implementation team at Accountant's General Department. She was later promoted to be Director of the same team and subsequently appointed as Director of Internal Audit Management Division at Accountant General's Department.

Noorlida holds a Bachelor's Degree in Accounting from University Technology MARA. She is a member of Malaysia Institute of Accountants (MIA), Certified Practicing Accountant of the Malaysian Institute of Certified Public Accountants (MICPA), a member of Board of Governors for the Institute of Internal Auditors Malaysia. She is also a member of The Chartered Institute of Public Finance and Accountancy, United Kingdom (CPFA UK).

Noorlida was appointed as Non-Independent and Non-Executive Director of Amanah Raya Berhad (AmanahRaya)



GOVERNOR

STEPHEN BYRNE *FCCA, CMIIA*

Stephen is currently Group Head of Internal Audit in IHH Healthcare. Stephen has 30 years international experience in varied financial and commercial roles. Stephen has led internal audit and risk management functions in different industries across multiple countries, including healthcare, mining and manufacturing.

Profile of the Board of Governors

2023/2024



GOVERNOR

SUHAILAH MOHAMED ABDULLA *MICPA, C.A. (M), CIA, CCSA, CMIIA*

Suhailah is the Chief Integrity & Assurance Officer of Sime Darby Plantation Berhad (SD Plantation) and in her current role, she oversees the integrity, governance and assurance functions of SD Plantation across its operations in Asia Pacific, Europe and Africa. Suhailah joined SD Plantation in 2018, after having led various audit, risk management and advisory engagements while serving at KPMG, F&N Holdings and Themed Attractions Resorts & Hotels in her more than 25-year career.

Suhailah is a Certified Fraud Examiner, a Certified Integrity Officer, a Certified Internal Auditor by the Global Institute of Internal Auditors and holds a Certification in Control Self-Assessment conferred by the same Institute. She is a member of the Malaysian Institute of Certified Public Accountants, Malaysian Institute of Accountants and Association of Certified Fraud Examiners. She is a Chartered Member of the Institute of Internal Auditors, Malaysia and is serving her 2nd term as a member of its Board of Governors. She holds a Bachelor of Accounting (Hons) degree from the University of Lancaster, United Kingdom.



GOVERNOR

STEVEN KHO CHAI HUAT *C.A. (M), ACCA, CIA, CMIIA*

Steven's distinguished career spans over 30 years in financial and operational management, corporate finance, audit, and consulting. He has demonstrated leadership and management skills with a deep understanding of relevant regulations, compliance requirements, and industry best practices in the field of internal audit function.

Steven serves as a member of the Board of Governors of the Institute of Internal Auditors Malaysia. He is also a member of ACCA/FCCA UK, Malaysian Institute of Accountants, and a professional member of the Institute of Internal Auditors.

Presently, Steven is the Head of Internal Audit of Sarawak Energy Berhad, an energy development company and a vertically integrated power utility with a vision to achieve sustainable growth and prosperity for Sarawak. Before joining Sarawak Energy, he held the position of Chief Financial Officer at WTK Holdings Berhad. His experience spans diversified industries from energy utility, auditing and consulting, construction and manufacturing, timber and plantation, and steel.

Profile of the Board of Governors

2023/2024



GOVERNOR

AION MAHAT *CIA, CMIIA, MBA*

Aion Mahat, a highly experienced and qualified internal audit practitioner with over 29 years of experience, has played a key role in strengthening organizational governance and assurance at Malaysia Airports Holdings Berhad (MAHB). As General Manager of Internal Audit, she has spearheaded initiatives that championing the adoption of comprehensive risk management frameworks, enhancing audit efficiency, and aligning internal audit activities with MAHB's strategic objectives to address key operational risks.

Her substantial educational background, including a Master of Business Administration from Universiti Teknologi MARA (graduating with Vice Chancellor's Award), a Post Graduate Diploma in Airport Management from National University of Singapore, the Executive Management Programme at INSEAD, and a Bachelor of Science in Business Administration majoring in Computer Business Information Systems from the University of Arkansas, Fayetteville, USA, coupled with her professional certifications (CIA and CMIIA), provides a strong foundation for her leadership and expertise.

Her leadership extends beyond MAHB and the aviation industry. She actively shapes the future of the internal audit profession through her contributions to the Institute of Internal Auditors Malaysia (IIAM). Notably, she serves on the Board of Governors and contributes to various committees, including Internal Quality Assurance and Certification & Academic Relations. Additionally, she participated in the BURSA thematic review and External Quality Assurance Review (EQAR). Aion shares her knowledge through CIA programs and training on the Code of Ethics. A lifelong learner, Aion is always interested in connecting with industry professionals and exploring new opportunities to leverage her expertise in governance, risk management, and internal audit.

Meetings and Attendances

BOARD OF GOVERNORS 2023/2024

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

BOG

	Meeting Attendance
Dominic Chegne How Kooi – President	8/8
Affeiz bin Abdul Razak – Vice President	8/8
Santosh Govind – Vice President	7/8
Tay Boon Hock – Honorary Secretary	7/8
Derek Lee Siew Weng – Honorary Treasurer	8/8
Haikel Ismail	5/8
Mohd Khaidzir Shahari	6/8
Philip Satish Rao	7/8
Jimmy Tium Beng Teck	4/4
Noorlida Mohd Khalid	4/4
Mohamad Yasin Abdullah	3/4
Stephen Byrne	3/4
Suhaila Mohamed Abdulla	2/2
Ainon Mahat	2/2
Steven Kho Chai Huat	2/2

2) The Executive Committee (EXCO) attendance for financial year 2023 are as follows:

Dominic Chegne How Kooi – President	6/6
Affeiz bin Abdul Razak – Vice President	6/6
Santosh Govind – Vice President	5/6
Tay Boon Hock – Honorary Secretary	5/6
Derek Lee Siew Weng – Honorary Treasurer	5/6

COMMITTEE MEETINGS

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

Professional Development Committee (PDC)

Meeting Attendance

Santosh Govind	4/4
Stephen John Byrne	4/4
Lee Jun Xian	4/4
Chang Ming Chew	4/4
Shoba Ananthanarayan	4/4
Mohamad Yasin Abdullah	2/4

Meetings and Attendances

COMMITTEE MEETINGS (Cont'd)

Meeting Attendance

Professional Services Committee (PSC)

Afeiz Abdul Razak	3/3
Noorlida Mohd Khalid	3/3
Kho Chai Huat	3/3
Adrian Ong Ching Woo	3/3
Ryan Chong Chee Seng	3/3
Zoey Khoo Hsien Hsiang	2/3

Certification and Academic Relations Committee (CARC)

Derek Lee Siew Weng	3/3
Linda Christine Danker	3/3
Joel Elizer A/L D.K Jeyaraj	3/3
Terence Tan Kian Meng	3/3
Chong Yu Cheang	2/3
Ainon Mahat	2/3

Research & Technical Advisory Committee (RTAC)

Mohd Khaidzir Shahari	4/4
Suhaila Mohamed Abdulla	4/4
Jimmy Tium Beng Teck	4/4
Dr Eddy Yap Tat Hiung	4/4
Javen Khoo Ai Wee	2/4
Professor Dr Susela Devi Suppiah	3/4

Internal Quality Assurance Committee (IQAC)

Haikel Bin Ismail	4/4
Tay Boon Hock	4/4
Ainon Mahat	4/4

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



S Vasugi A/P Subramaniam
Manager, Certification & Membership



Nora Liza Hassan Basri
Manager, Professional Development



Loh Yi Lin
Senior Executive, Technical & Quality Assurance



Syamsuraida Shamsudin
Senior Executive, Finance



Nurul Munira Mohd Ali
Senior Executive, Professional Development



Shahirah Kathir Hasan Kathirasan
Senior Executive, Certification



Sharifah Samihah Syed Ali
Senior Executive, Membership



Haslizan Mohd Zainal
Senior Executive, Corporate Services



Nornajihah Najwa Shoib
Executive, Finance



Nurnafisa Zulkaphly
Executive, Finance



Durratul Ain Mohd Fauzi
Executive, Membership



Shobita A/P Manimaran
Executive, Certification



Hilal Azman Idris
Executive, Professional Development



Wan Armann Zaffri Bin Wan Mohd Rozi
Executive, Professional Development



Josie Rebechi Omilda
Executive, Professional Development



Muhammad Bahurrudeen bin Muhammed Ali
Executive, Technical & Quality Assurance



Hamdani Mohd Sahit Mashud
Despatch Cum Office Assistant, Corporate Services

President's Report

2023/2024



Members of The Institute of Internal Auditors Malaysia,

As we reflect on the past year, it is with a profound sense of pride and accomplishment that I present this report on behalf of the Board. The year 2023 has not only been marked by exceptional achievements across various facets of our operations but also by significant strides toward our long-term strategic goals.

In Year 2023, The Institute of Internal Auditors Malaysia (the Institute) demonstrated an outstanding financial performance, reaching new heights in revenue generation recording a revenue of RM7.65million. Our diligent pursuit of operational excellence and commitment to grow the Institute's performance have propelled us forward, enabling us to outpace our targets and set new benchmarks for success. This excellent performance underscores our resilience and adaptability in a dynamic economic landscape.

I am also thrilled to report that for the Year 2023, the Institute achieved the best-ever surplus before tax of RM1.92 million. This milestone is not merely a measure of profitability but a testament to our robust financial management and strategic planning. The surplus has positioned us to reinvest in our core activities and explore new opportunities that align with our growth objectives.

Our commitment to advancing our industry is also reflected in our Advocacy efforts through the vibrant activities and initiatives undertaken by the Institute working towards the advancement of the Industry and profession. Some of the advocacy efforts that I would like to highlight are;

1. Collaboration with National Audit Department: Signed a Memorandum of Understanding (MOU) with the National Audit Department, marking a significant step towards bilateral cooperation in knowledge sharing and training programs within the auditing field.
2. Chat with the Board of Governors (BOG): Hosted informal networking sessions, providing members with the opportunity to engage directly with the Board. This session facilitated discussions on the Institute's strategies and plans, fostering transparency and alignment with industry and professional goals.

3. Partnership with Universiti Awam: Established an MOU with the Ketua Unit Audit Dalam of Universiti Awam, strengthening ties with academia and enabling collaborative efforts in audit-related research and education.
4. Collaboration with Institute of Corporate Directors Malaysia (ICDM): Teamed up with ICDM to develop a specialized module tailored for Heads of Internal Audit, paving the way for professional development for their pathway towards Board roles.
5. Expansion into East Malaysia: Expanded our presence in East Malaysia, reinforcing our commitment to serving members and stakeholders in the region while leveraging local expertise and resources. These initiatives are crucial in our quest to enhance our presence and influence across all of Malaysia.
6. Sustainability Frequently Asked Questions (FAQ) Launch: Launched a comprehensive FAQ on sustainability, aiming to provide clarity and guidance to internal auditors on sustainability assurance.
7. Introduction of ESG Certificate Program: Rolled out a new microcredential program titled "ESG Certificate: Internal Auditing for Sustainable Organizations", addressing the growing importance of Environmental, Social, and Governance (ESG) factors in modern auditing practices. This program equips professionals with specialized skills to navigate sustainability challenges and contribute to organizational resilience.

These initiatives demonstrate our ongoing commitment to fostering collaboration, innovation, and professional development within the auditing profession while adapting to the evolving needs of our members and stakeholders.

The Institute also continues to run workshops, seminars, and collaborative projects, to foster a culture of continuous learning and innovation. These activities not only enhance individual skills but also elevate our industry's standards and practices on a broader scale.

On behalf of the Board, I extend our deepest gratitude to all our members, whose dedication and passion drive our success. To all the staff of the Institute, your hard work and commitment do not go unnoticed; you are the backbone of our operations. And to my fellow board members, thank you for your visionary leadership and steadfast support throughout the year.

As we look ahead, we are excited by the opportunities that lay before us. With a strong foundation and a clear vision, we are poised for continued success and innovation. Let us step forward into Year 2024 with confidence and determination to achieve even greater heights.

Thank you for your trust and support.

DOMINIC CHEGNE
President

Executive Director's Report

2023/2024



Members of The Institute of Internal Auditors Malaysia,

I am pleased to present the Executive Director's Report for the fiscal year 2023, highlighting the remarkable achievements and progress made by The Institute of Internal Auditors Malaysia (the Institute) amidst a challenging global landscape. Our unwavering commitment to excellence and strategic foresight has enabled us to navigate through uncertainties and emerge stronger than ever, delivering substantial value to our stakeholders.

I am delighted to announce that The Institute has once again demonstrated robust financial performance, posting a commendable revenue of RM7.65 million and achieving a growth of 43% in comparison to Year 2022. This achievement reflects our sustained growth trajectory and underscores the resilience of our business model. Furthermore, I am pleased to report a surplus before tax of RM1.92 million, a testament to our operational efficiency and prudent financial management practices.

The Institute has increased its Advocacy and strategic partnerships efforts which resulted in fostering collaboration and knowledge-sharing within the industry. Notably, the Institute has solidified our commitment to knowledge exchange and professional development by signing a Memorandum of Understanding (MOU) with the National Audit Department, Malaysia. Additionally, partnerships with Ketua Unit Audit Dalam, Universiti Awam, and the Institute of Corporate Directors Malaysia (ICDM) reinforce our dedication to promoting best practices and enhancing professional development opportunities within the audit and corporate governance sectors.

In our continuous efforts to engage with stakeholders, we organised a highly successful "Chat with the Board of Governors" sessions. These interactive networking events provided members with a unique platform to engage directly with our esteemed Board, gaining valuable insights into the strategic direction and future plans of the Institute.

The Institute also recognised the significance of its presence outside Klang Valley, and in 2023, re-visited the expansion of our presence in East Malaysia. This expansion initiative aimed to strengthen the engagement with key markets and better serve the members and stakeholders in East Malaysia, ensuring inclusivity and accessibility to our resources and initiatives.

Aligned with our commitment to sustainability, the Institute has introduced several initiatives to promote environmental, social, and governance (ESG) practices. Our launch of the FAQ on Sustainability aimed to provide Internal Auditors with valuable insights into sustainable business practices and also provide assurance guidance. Additionally, the introduction of the ESG Certificate: Internal Auditing for Sustainable Organizations underscores our dedication to equipping professionals with the requisite skills and knowledge to navigate the evolving landscape of sustainability and responsible business practices.

In conclusion, I extend my heartfelt gratitude to Dominic Chegne, President of the Institute and all the Board of Governors for entrusting me to helm the Institute. My sincere thanks also go to my dedicated team members for their unwavering support and commitment to our mission. To all the members, partners and stakeholders of the Institute, a big thank you for being part of this journey. As we forge ahead, guided by our core values of innovation and collaboration, I am confident that The Institute will continue to thrive and contribute significantly to the advancement of the audit profession and the broader business community.

GEETHA KANNY

Executive Director

The Institute of Internal Auditors Malaysia

Corporate Governance Statement

The Board of Governors ("the Board") believes that good governance is essential for building trust and confidence in our operations, and we are committed to upholding the highest standards in this area.

To achieve this, we have implemented several policies and practices, including:

- Appointing Governors with a diverse range of skills and experience;
- Ensuring transparency and accountability through regular reporting and disclosure of relevant information to our stakeholders;
- Conducting regular risk assessments and implementing robust internal controls to mitigate potential risks;
- Leveraging on technology to improve efficiency; and
- Implementing sustainable business practices, including reducing waste, increasing energy efficiency, and supporting local communities.

We recognise that the road to business viability is a continuous journey, and we are committed to ongoing improvement.

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 Malaysian Code on Corporate Governance ("Code").

Principle A: Board Leadership and Effectiveness

BOARD OF GOVERNORS

The Corporate Governance Statement plays a pivotal role in articulating our organisation's commitment to sound governance practices. It provides stakeholders with transparency into our decision-making processes and the mechanisms in place to safeguard their interests. While compliance with best practices, such as the Code, is essential, our governance framework extends beyond mere adherence to best practices.

At the heart of our governance framework lies the Institute's approved Board Charter, which serves as the cornerstone guiding the conduct and responsibilities of our Governors. This comprehensive document outlines the fundamental principles, values, and standards that govern our organisation's governance practices, ensuring alignment with international best practices and fostering a culture of accountability and ethical behaviour.

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 fifteen (15) Governors. The Board is not involved in the day-to-day activities of the Secretariat, save for the Executive Committee, comprising five (5) Board members, which has been formed to oversee the conduct of The Institute's activities. The remaining ten (10) Governors are independent, aligned to the requirement of a majority of independent directors. The appointment of Board members is made at the Annual General Meeting ("the AGM") in accordance with the Constitution of The Institute. The term for each Governor serving on the Board of Governors shall be three (3) years, and each Governor is eligible to serve on the Board of Governors for a maximum of three (3) consecutive terms, provided that they are re-elected.

The Board recognises that to be effective and relevant, Board members should be fit and proper based on The Institute's Fit and Proper 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, supporting the Institute's activities through specific roles, has relevant internal audit experience, professional standing with relevant expertise and knowledge in financial, legal, 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 board meeting deliberation from a wider perspective.

Against the above backdrop and in line with corporate governance best practices, the Board initiated a board effectiveness evaluation process based on the recommendation of the NRC, in late 2023, focusing on the performance of the Board, the Board committees and the performance of the individual Governors. The process included determining a suitable set of criteria for evaluation of the same, and ensuring that the evaluation is performed in a simple, effective and objective manner. The assessment process will culminate in a review of the outcomes and actions arising from the evaluation, within the Board, in 2024. Nonetheless, it is expected that such an evaluation will be done annually by the Board.

To ensure the continued effectiveness of the Board, the Institute undertook a formal evaluation to assess the effectiveness of the Board and the Board Committees. An evaluation of the effectiveness of the Board as a whole and the Board Committees were conducted internally via a survey method. The evaluation process is led by the Nomination & Remuneration Committee ("NRC")'s Chairman and supported by the NRC members. The Board assessment was aimed at helping the Board to discharge its duties and responsibilities. The evaluation was based on specific criteria, covering several aspects of Board governance, structure, processes and composition including:

- Board's structure, leadership, roles and responsibilities and others;
- Board Committees – composition, expertise, support and communications.

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

Corporate Governance Statement

BOARD RESPONSIBILITIES

The primary responsibilities of the Board comprise the following:

- To promote good corporate governance and integrity within the Institute;
- To review and approve the strategic business plans of the Institute;
- To approve financial statements and financial transactions;
- 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 advocate the profession;
- To oversee the establishment, maintenance, and review of the Institute's Anti-Bribery and Corruption Framework; and
- To nominate Board/members to IIA Global and ACIIA Board and Board Committees.

BOARD STRUCTURE

The Board is chaired by a President while the Executive Director ("ED") is responsible for the management of the Institute. The roles of President and ED are clearly defined, including separation of roles between them, allowing for better understanding and distribution of responsibilities and accountabilities, facilitating operational efficiency, and expediting decision-making.

The ED is primarily responsible for managing the day-to-day operations and is charged with implementing operational decisions in line with the strategic and long-term initiatives of the Institute. Although the ED attends Board and various Committee meetings, she is not a Board member and is not entitled to vote. The ED is also 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; and
- To report to the Board any significant corruption risks.

The Board has established an accountability matrix for the roles of the Board, President, and ED to promote good governance and instill 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 ("EXCO")

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

The primary responsibilities of the EXCO are:

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

Corporate Governance Statement

2. Audit and Risk Management Committee (“ARMC”)

ARMC comprises five (5) members, four (4) of whom are not Board members in accordance with the Constitution 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.

The primary objectives of the ARMC are as follows:

- To assist the Board in fulfilling its fiduciary responsibilities, particularly relating to financial reporting, accounting policies and practices as well as system of internal controls;
- To provide oversight on the external and internal audit functions;
- To provide an independent forum of communication for external auditors, internal auditors and Secretariat;
- To provide oversight on the compliance of the Institute’s Anti-Bribery and Corruption and Enterprise Risk Management frameworks; and
- To provide oversight on the adequacy and effectiveness of risk management, internal audit control and governance systems implemented in the Institute.

3. Disciplinary Committee (“DC”)

The Board may appoint any three (3) of its Members to sit on the committee to consider any disciplinary matters pertaining to members’ misconduct as they arise.

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; oversee the annual board effectiveness evaluation process, 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.

Board members do not receive any emolument, bonuses, or retirement benefits.

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

The CARC comprises two (2) Board members one of whom is the Chair, and four (4) ordinary 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;
- To promote specialty certification programmes offered by the Institute as the recognised certifications for practitioners; and
- To promote Internal Audit as a preferred career pathway at higher learning institutions.

6. Professional Development Committee (“PDC”)

PDC comprises three (3) Board members, one of whom is the Chair and three (3) other ordinary 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, one of whom is the Chair and three (3) ordinary 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.

Corporate Governance Statement

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

RTAC comprises three (3) Board members, one of whom is the Chair, another is the Deputy Chair, and three (3) ordinary 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 three (3) Board members, one of whom is the Chair and two (2) ordinary members. 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; and
- To deliver added value by assessing the presence and efficacy of the review and monitoring processes for IQA assignments, ensuring the consistent delivery of high-quality QAR assignments to our clients in alignment with established standards, and consider enhancements based on customer feedback.

Principle B: Effective Audit and Risk Management

The ARMC assists the Board in 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 framework and sound framework of reporting on internal controls which are further detailed in the Statement of Risk Management & Internal Control.

The effectiveness, performance and independence of the external auditor, i.e., UHY Malaysia (“UHY”) is reviewed annually by the ARMC. If it becomes necessary to replace the external auditor for performance or independence reasons, the responsibility for the selection, appointment and removal of the external auditor has been delegated to the ARMC by the Terms of Reference.

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

As per the Board Charter, the EXCO and the Board met the meeting frequency requirements where there were eight (8) Board and the six (6) EXCO meetings held during the financial year 2023. During these meetings, 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 17 June 2023, via a face-to-face platform. The proceedings of the 28th AGM included the ED’s presentation of the Institute’s operating and financial performance for 2022 and a Questions & Answers session during which the President 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.

Corporate Governance Statement

Throughout the year, the Institute has actively engaged with various stakeholders through numerous initiatives, particularly focusing on advocating for and raising awareness of the Institute's mission and vision and supporting our members in both the public and private sectors. Representatives from the Board of Governors, in collaboration with the Management Team, have undertaken engagements with the following stakeholders, along with associated activities:

- Signed a Memorandum of Understanding (MOU) with the National Audit Department, marking a significant step towards bilateral cooperation in knowledge sharing and training programs within the auditing field.
- Chat with the Board of Governors (BOG): Hosted informal networking sessions, providing members with the opportunity to engage directly with the Board.
- Partnership with Universiti Awam: Established an MOU with the Ketua Unit Audit Dalam of Universiti Awam, strengthening ties with academia and enabling collaborative efforts in audit-related research and education.
- Launched a comprehensive FAQ on sustainability, aiming to provide clarity and guidance to internal auditors on sustainability assurance.
- Conducted a formal visit to the Internal Audit Department of the Ministry of Finance to explore potential collaborations in sharing technical knowledge, aligning with Global Internal Audit Standards, and providing mentoring and coaching support for individuals pursuing the Certified Internal Auditor certification journey in the public sector.
- Hosted an event to engage the IIA Malaysia Past Presidents.

Statement on Risk Management and Internal Control

The Statement on Risk Management and Internal Control Statement of the Institute is made voluntarily to demonstrate the Institute's commitment towards championing sound risk management and internal control practices.

RESPONSIBILITIES OF THE BOARD

The Board of Governors ("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 internal 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 ARMC.

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 Institute aims to drive awareness on the zero-tolerance approach towards bribery and corruption in any form, consistent with the Enterprise Risk Management ("ERM") Framework. 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 the Board and Secretariat. The Whistleblowing Policy covers 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/>.

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 is headed by the ED, 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 EXCO 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 or seek 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.

Statement on Risk Management and Internal Control

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
- 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.

Policies and Standard Operating Procedures ("SOP")

In line with our commitment to continual improvement and adherence to best practices, the following changes have been implemented:

Revenue Policy and SOP Revision: The Institute has conducted a comprehensive review of its Revenue Policy and accompanying SOP. This revision aims to streamline processes, enhance transparency, and optimise revenue management strategies for sustained growth and effectiveness.

Credit Policy and SOP Revision: Similarly, our Credit Policy and associated SOP have undergone meticulous scrutiny and revision. These updates are designed to fortify risk management framework, improve credit assessment methodologies, and ensure responsible lending practices are in alignment with regulatory standards.

New Policies and SOPs Establishment:

- **Anti-Harassment at Work Policy and SOP:** Recognising the importance of fostering a safe and respectful work environment, we have introduced a dedicated Anti-Harassment at Work Policy and SOP. These guidelines underscore our unwavering commitment to preventing and addressing any form of workplace harassment, promoting inclusivity, and safeguarding the well-being of all employees.
- **Information Security Policy and SOP:** With the evolving landscape of cybersecurity threats, the Institute has instituted a robust Information Security Policy and accompanying SOP. These measures aim to bolster data protection, mitigate risks of unauthorised access or breaches, and uphold confidentiality standards across all facets of our operations.

Financial Reporting

The Institute diligently maintains precise accounting records, maintaining unwavering adherence to appropriate accounting policies guided by sound judgment and prudent estimates. Additionally, it adeptly prepares financial statements in strict accordance with the provisions delineated in the Companies Act 2016, endorsed accounting standards in Malaysia, and relevant regulatory mandates.

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 propriety information in accordance with internal policy and Personal Data Protection Act ("PDPA").

Sustainability Management

The Institute is working towards more sustainable and responsible development. The initiative taken included continuing its waste elimination journey by replacing plastic bags with woven bags when delivering educational products to members, promotional flyers that's accessible via QR codes, going paperless by securing documents digitally on cloud storage, and optimising water and electricity usage during non-working hours.

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 no material loss to The Institute that requires a separate disclosure.

This statement is made in accordance with the resolution of the Board dated 2 May 2024.

Audit and Risk Management Committee Report

The Audit Committee was established by the Board of Governors ("Board") in 1997. In 2022, the risk management function was added to the committee's duties and responsibilities. Hence, the committee is re-named the Audit and Risk Management Committee (ARMC).

1. Composition

The ARMC comprises the following five (5) members, four (4) of whom are not Board members, in accordance with the Constitution, with the remaining one (1) a Board member of the Institute:

- Mr. Wee Hock Kee, ICDM (fellow), CA(M), FCCA (UK), SID (M), CFIIA & CRMA (Chairman-Non-Board member);
- Miss Christine Ong May Ee, CFIIA, CIA, CRMA, CA (M), FCA (ANZ), B. Acc (Hons) (Singapore) (Non-Board member);
- Mr. Alan Chang Kong Chong, CFIIA, CIA, CFSA, FCPA (Aust.), Chartered Banker (AICB), Certified Bank Auditor (AICB), Certified Credit Professional (AICB), (Non-Board Member)
- Puan NorChahya Ahmad, CMIIA, CIMA & AMBCI (Non-Board member); and
- Mohamad Yasin Abdullah, FCCA, FCMA, CPA (M), CA (M), CMIIA, (Board member), Chartered Banker (AICB) (appointed as ARMC member on 26 June 2023)

2. Attendance of the meetings

During the financial year, the ARMC held three (3) meetings, attended by all members as follows.

PRESENT		ATTENDANCE
Chairman	Wee Hock Kee	3/3
Member	Christine Ong May Ee	3/3
Member	Alan Chang Kong Chong	3/3
Member	Norchahya Ahmad	2/3
Member	Mohamad Yasin Abdullah	1/1

3. Terms of reference

a. Composition

The Board shall appoint a minimum of three (3) members to the ARMC, the majority of whom shall not be members of the Board. At least two (2) members of the ARMC shall be Fellow members of the Institute and who are not members of the Board.

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

b. Criteria for members

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

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

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

Audit and Risk Management Committee Report

3. Terms of reference (Cont'd)

c. Objectives

The primary objectives of the ARMC are as follows:

- i) To assist the Board in fulfilling its fiduciary responsibilities, particularly relating to financial reporting, accounting policies and practices as well as system of internal controls;
- ii) To provide oversight on the audit function of external and internal auditors and
- iii) To provide an independent forum of communication for external auditors, internal auditors and Management;
- iv) To provide oversight on the compliance of the Institute's Anti-Bribery and Corruption ("ABC") and Enterprise Risk Management ("ERM") frameworks; and
- v) To provide oversight on the adequacy and effectiveness of risk management, internal audit control and governance systems implemented in the Institute.

d. Duties and Responsibilities

The duties and responsibilities of the ARMC are:

- i) To consider the appointment, resignation or dismissal of the external auditors, the audit fee and recommend to the Board for approval;
- ii) To discuss with the external auditors their Audit Plan before the commencement of audit;
- iii) To discuss with the external auditors the assistance given by the employees of the Institute;
- iv) To review the draft annual financial statements and audit opinion with the external auditors before recommending to the Board for approval, focusing particularly on:
 - Changes in or implementation of major accounting policies and practices;
 - Significant matters highlighted, including financial reporting issues, significant judgments made by Management, significant and unusual events or transactions, and how these matters are addressed;
 - Significant adjustments resulting from the audit; and
 - Compliance with financial reporting standards, regulatory and other legal requirements;
- v) To discuss issues arising from the audits and any other matters raised by the auditors;
- vi) To review the internal audit plan, consider the major findings of internal audit, including investigations, if any, and Management's response and ensure, where deemed pragmatic, co-ordination between the internal and external auditors;
- vii) To review the adequacy of scope, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
- viii) To review the adequacy and effectiveness of internal control systems based on feedback and reports from the internal and external auditors;
- ix) 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 integrity;
- x) To review the effectiveness of the Enterprise Risk Management and Anti-Bribery and Corruption frameworks and its implementation;
- xi) To report to the Board on a periodic basis the activities and work done by the ARMC, including any recommendations to be made; and
- xii) To carry out such other functions as mandated by the Board.

e. Authority

The ARMC 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 ARMC to enable the ARMC to discharge its duties and responsibilities.

Audit and Risk Management Committee Report

3. Terms of reference (Cont'd)

f. Meeting and Minutes

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

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

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 ARMC and signed by the ARMC Chairman. The minutes of the ARMC meeting shall be presented at the ensuing Board meeting.

g. Changes to the Terms of Reference

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

4. Summary of Activities of the ARMC during the financial year and up to the date of this Report

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

The main activities carried out by the ARMC for the financial year ended 31 December 2023 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 2023 and the audit fee;
- ii) Met the external audit team when the Audit Planning Memorandum was tabled to the ARMC. The Memorandum highlighted, inter-alia, the key audit areas, including probable Key Audit Matters, the materiality level and timeline for reporting;
- iii) Reviewed the Statement of Risk Management and Internal Control before recommending the same to Board for approval;
- iv) Deliberated with the external auditors on the draft financial statements for financial year ended 31 December 2023 in the presence of the President, Treasurer and Management of the Secretariat before recommending the same to the Board for approval;
- v) Reviewed the financial position of the Institute and inquired into any inconsistencies or differences for explanations to be provided by the Management;
- vi) Reviewed the Institute's Risk Register; and
- vii) Participated in The Institute's strategy meeting.

Report on Main Committee

CERTIFICATION AND ACADEMIC RELATIONS COMMITTEE

CERTIFICATION

The Certification Department is pleased to share the following accomplishment for the year 2023:

- In 2023, a total of sixty-two (62) candidates completed the Certified Internal Auditor (CIA) programme.
- There were four hundred and forty-two (442) CIA examination registrations recorded in 2023. Details of the registrations are as follows:

CERTIFICATION PROGRAMME (CIA)	NUMBER OF EXAMINATION REGISTRATION RECORDED IN 2023
Part 1	181
Part 2	143
Part 3	118
TOTAL	442

IIA Global has made changes to the certification policy during the year of 2023, followed by an exercise (effective from 01 September 2023) that individual members who failed to renew their certification(s) annually will have their certification(s) revoked. To be re-certified, they would need to re-apply, re-take the relevant examinations, and pay all applicable fees. This exercise resulted in a significant decrease in the number of certified members in Malaysia.

The number of IIA certified professionals as of 31 December 2023 are presented in the below table:

TYPE OF CERTIFICATION	BEFORE REVOCATION OF CERTIFICATION HOLDERS	AFTER REVOCATION, ONLY ACTIVE CERTIFICATION HOLDER
Certified Internal Auditor (CIA)	1,167	713
Certification in Risk Management Assurance (CRMA)	160	114
Certified in Control Self-Assessment (CCSA)	55	28
Certified Financial Services Auditor (CFSA)	29	13
Certified Government Auditing Professional (CGAP)	6	6
Internal Audit Practitioner	6	2
Total Certified Holders	1,423	876

The following activities were planned and carried out by the Certification and Academic Relations Committee (CARC) in 2023 to promote the IIA certification programmes and also provided support to students and candidates who have enrolled in all these programmes:

CIA Tuition Classes

The Institute productively and efficiently organised thirteen (13) virtual revision classes throughout the year. A total of 158 candidates attended these CIA tuition classes.

CIA In House

During the year, The Institute organised two (2) in- house CIA revision classes attended by a total of 18 CIA candidates.

Report on Main Committee

CERTIFICATION AND ACADEMIC RELATIONS COMMITTEE (Cont'd)

CERTIFICATION (Cont'd)

CIA Luncheon

The Institute organised a CIA Luncheon for the Certified Internal Auditor certification holders on the 4th October 2023. A total of 36 CIAs attended the session. The event was conducted for the CIAs to network and connect with fellow professionals in the industry.

CIA Briefing session

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.

Code of Ethics

Six (6) Code of Ethics (COE) sessions were conducted. This session is mandatory for all Certified Members to attend in order to fulfil their CIA reporting requirements.

ACADEMIC RELATIONS

The Institute continues to engage higher learning institutions to promote the Internal Audit profession and to raise awareness among students. The Institute aims to increase advocacy of the profession to the next generation of workforce.

The Institute conducted ten (10) career talks and participated in five (5) Career Expos at various universities that was held both virtually and physically. 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 auditor faces in their career.

Following were the details of the sessions:

2023 CAREER TALK	UNIVERSITY/COLLEGE	TOPIC	SPEAKER REPRESENTATIVE
3rd March	Universiti Tenaga Nasional (UNITEN)	IT Audit and Cybersecurity	Mr. Divakaren Sivagurunathan
21st March	Kolej University Islam Selangor (KUIS)	The Importance of Risk Management in Halal Sector	Mr. Ramzee Che Omar
24th March	Universiti Tunku Abdul Rahman (UTAR)	The Role of Internal Audit in Risk Management	Mr Sivaramayah Sivalingam
1st June	Sunway University	The Role of Internal Audit in Corporate Governance	Mr Dennis Chong Yu Cheang
2nd June	Universiti Malaya (UM)	Audit and Assurance for Banks	<p>Moderator: Dr Suhaily Shahimi</p> <p>Panellist: Mr. Alan Chang Kong Chong Encik Amran Mohamad Encik Samsul Bahrom Bin Mohamed Ibrahim Pn. Wahdania Mohd Khir Encik Mohd Zaki Abdullah</p>

Report on Main Committee

CERTIFICATION AND ACADEMIC RELATIONS COMMITTEE (Cont'd)

ACADEMIC RELATIONS (Cont'd)

2023 CAREER TALK	UNIVERSITY/COLLEGE	TOPIC	SPEAKER REPRESENTATIVE
14th June	Universiti Selangor (UNISEL)	Internal Audit Career Pathway	Mr. Adrian Ong Ching Woo
2nd August	UNITAR International University	Collaboration UNITAR & IIA Malaysia: Inaugural Audit Forum	Ms. Teh Hui Hui
20th September	Taylor's University	The Role of Internal Auditors In ESG (Environmental, Social and Governance) Strategy Formulation, Implementation and Compliance.	En Wan Mohd Azim Wan Long
21st September	DISTED College	How To Explore Your Options and Skills in Internal Auditing	Pn. Ainon Mahat
1st November	INTI International University & Colleges	Future Career Exploration: How To Explore Your Options and Skills in Internal Auditing	Mr. Santosh P. Govindan Kutty Nair
2023 Career EXPO			
15th March	UNITAR International University	Career Fair/Expo	
27th & 28th March	UTAR Sg Long	Career Fair/Expo	
30th May – 1st June	Spice Arena, Penang	National Human Capital Conference & Exhibition	
21st August	TAR UMT	Career Fair/Expo	
1st November	UNITAR International University	Career Fair/Expo	

Meetings with Corporate

A total of forty-seven (47) meetings including nine (9) meetings in East Malaysia took place successfully in the year 2023. The Institute initiated meetings with corporate members to discuss the prospect of the organisation to support the Institute and to promote the CIA exams as part of the human development strategy for their employees.

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. The Committee would continue to work relentlessly to support the Institute is supporting its Certification Strategy.

Derek Lee Siew Weng

Chairperson

Certification and Academic Relations Committee 2023/2024

Report on Main Committee

PROFESSIONAL DEVELOPMENT COMMITTEE (PDC) REPORT

The Institute's Professional Development Department, working closely with the Professional Development Committee (PDC), is committed to delivering professional development programs that offer significant benefits to its members. In response to the changing dynamics of governance, risk, and control (GRC), the Institute launched new initiatives to keep internal audit practitioners and members abreast of industry developments, ensuring their continued relevance and effectiveness in their roles.

In 2023, the Institute established collaborations with prominent professional entities within the GRC domain, the Malaysian Institute of Accountants (MIA), to co-host conference focused on audit committees.

After the economic challenges post-pandemic, there was a significant uptick in training demands and interests from many corporations, particularly in public workshops and in-house programs compared to the previous year. While most corporations have gradually shifted back to physical face-to-face training sessions despite the relaxation of restrictions, the Institute remains committed to offering virtual training sessions as an alternative option. The Professional Development Department accomplished the delivery of 99 programs throughout the fiscal year, including 4 conferences, 54 public workshops, 24 webinars, and 17 in-house programs.

Among the training programs conducted by the Professional Development department:

Analyzing & Improving Business Processes.

Advanced Data Analytics in Risk, Control and Audit

Agile Auditing

AML/CFT (AMLA): Anti-Money Laundering Key Considerations

Analyzing & Improving Business Processes

Artificial Intelligence as Productivity Tool for Internal Auditors

Audit Report Writing

Auditing Cybersecurity

Auditing social media

Auditing The Cloud

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

Competency Kit for Operational Auditors

Comprehensive Risk Application Techniques for Internal Auditors

Conducting an Audit Engagement

Contract & Procurement Fraud

Contract & Procurement Fraud

COSO-based Internal Auditing

Creative Problem-Solving Techniques for Auditors

Critical Thinking for Internal Auditors

Critical Thinking in Audit Process

Cyber Risk

Cybersecurity In a Remote Working Environment

ESG Auditing Techniques: Providing Assurance on The Sustainability Statement or Report

ESG Risks and Opportunities

Essential Tools for Development of Fieldwork Skills

Essentials of Integrated (IR) and Sustainability Reporting (IR) for Internal Auditors

Financial Auditing for Internal Auditors

Financial Scandals Cases and Causes of Ethical Lapses

Forensic Audit & Fraud Examination

Forensic Investigation Skills

Fraud Risk Management: Tools and Techniques

Report on Main Committee

High-Impact Audit Reporting

High-Impact Operational Audit of the HR Management Function

How to Perform Effective Root Cause Analysis in Audit Engagements

IH Petronas Effective Report Writing & Presentation

Influencing Skills for Auditors

Integrated Approach to Auditing

Internal Control Process

IT Audit for Non-IT Auditors

Lean Auditing

MACC ACT Section 17A: Checking Your Adequate Procedures Trust Programme for Performance, Completeness and Effectiveness

Operational Auditing: Influencing Positive Change

Party Transactions: Mitigating Risk and Ensuring Compliance in Malaysia

Performing An Effective Quality Assessment

Practical Risk Assessment Techniques

Practical Root Cause Analysis

Procurement Fraud: 3rd Party Due Diligence, Internal Controls and Reporting Mechanism

Professional Ethics for Internal Auditors

Red Flags in Oil Palm Plantation Operations

Risk Based Annual Audit & Engagement Planning

Root Cause Analysis Done Right & Effective Sampling Techniques

Root Cause Analysis for Internal Auditors

Standard Data Analytics in Risk, Control and Audit

The Anti-Money Laundering (AML) Internal Audit

Tools for Audit Managers

Tools for Lead Auditor

Tools for New Auditors

Whistleblowing And Workplace Investigations: Establishing an Effective Whistleblowing Management Framework and Conducting Workplace Investigations

New training programs introduced and conducted in the Year 2023:

AML/CFT For Malaysian Reporting Institutions

Auditing The Cloud

Building a Robust Reporting Mechanism Through ISO 37002 Whistleblowing Management Systems (WMS)

Business and Human Rights and Environment

Carbon Foot printing and Reporting for Organisations

Communication Excellence for Leaders

Competency Kit for Operational Auditors

ESG and Enterprise Risk Management

ESG Auditing Techniques: Providing Assurance on The Sustainability Statement or Report

ESG Risk Identification and Materiality

Fraud Risk Management: Tools and Techniques

High-Impact Operational Audit of the HR Management Function

Introduction to Fintech: Auditing Fintech Strategy and Operations

Mastering ISO 37001 ABMS Audit Reporting: Write with Clarity and Impact

Setting-up and Managing an Effective Internal Audit Activity for Public Listed Companies

Storytelling Methodologies for Professionals

Transformational Role of Internal Auditors in Corporate Governance

Report on Main Committee

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

In total programmes conducted in 2023 contributed approximately RM4.6 million to the Institute's revenue for the financial year ended 31 December 2023:

	No. of Courses	Revenue (RM)
Public Workshop	54	RM2,343,411
Webinar	24	RM305,575
In-House	17	RM513,186
National Conference	1	RM1,200,440
Joint Conference	1	RM54,066
Other Conferences	2	RM176,078
TOTAL	99	RM4,592,756

The highlights of the conferences conducted during the year are as follows:

- 2023 ACIIA CAE Forum**
 The ACIIA CAE Forum, held on May 17, 2023, convened at the Parkroyal Collection Kuala Lumpur Hotel, and attracted approximately 71 practitioners. Themed "CAEs Pivot to Meet Challenges", the forum was presided by Stephen Coates, President of ACIIA. The event featured 13 distinguished speakers who conducted a total of 5 sessions, including individual presentations and panel discussions. Key topics addressed during the forum encompassed "Navigating the Complexities of AI Risk Management in the 21st Century," "Auditing ESG Measures: Enhancing Non-Financial Performance and Value Creation," "Risk & Vulnerabilities Using a 3rd Party Vendor," "Audit Committee: How to be Effective?" and "Under the Pump: Navigating Demands and Expectations".
- 2023 East Malaysia Conference**
 The East Malaysia Conference took place on September 4, 2023, at Hilton Kuching Hotel in Sarawak, with an attendance of 67 participants. The primary objective of this conference was to target the East Malaysia market and expand membership and CIA numbers instead of merely hosting the event. Dominic Chegne, President of IIA Malaysia, officiated the conference, which featured 15 distinguished speakers covering five key topics: "Breaking Barriers, Rising Higher: Seizing Opportunities and Conquering Challenges in Internal Audit," "Tech-Driven Transformation: Exploring the Impact of Emerging Technologies on Internal Audit Practices," "Unleashing the Power of Effective Communication and Collaboration in Internal Audit," "Embracing the Evolving Role of Internal Auditors in Risk Management," and "Auditing ESG Measures: Enhancing Non-Financial Performance and Value Creation".
- 2023 Audit Committee Conference**
 The 2023 Audit Committee Conference, themed "Audit Committees: Catalysts of Change," was successfully conducted on September 14, in collaboration with the Malaysian Institute of Accountants (MIA). The conference attracted over 152 Audit Committee Members and featured 16 speakers across four panel discussion sessions. Key topics included "Navigating Geopolitical Uncertainty: Mitigating Risks and Building Resilience in an Unpredictable Global Environment," "The Silent 'T' in ESG: Role of Tax in ESG-Driven, Digitalized, and Agile Supply Chains," "Implications of Malaysia's Updated Sustainable Investment Guidelines for the Audit Committee," and "Readying Audit Committees for Sustainability Assurance."
- 2023 IIA Malaysia National Conference**
 The IIA Malaysia National Conference, organised by the Institute, was successfully held on October 24, 2023, at the Kuala Lumpur Convention Centre. The conference saw the participation of approximately 680 delegates from both public and private entities. Themed "Future-Ready Internal Auditors: Agile, Adaptable, and Forward-Thinking," the event commenced with opening remarks from IIA Malaysia President Dominic Chegne, followed by keynote addresses from Sally-Anne Pitt, IIA Global Chairman, and Tuan Haji Roslan Abu Bakar, Deputy Auditor General (Government Companies) at the National Audit Department of Malaysia. The 1-day conference featured 20 prominent speakers who presented a total of 6 sessions, including individual presentations and panel discussions. Key topics addressed during the conference included "Taking Stock of the Present," "Envisioning the Future," "Embracing Transformation Through Best Practices," and concluded with a Special Presentation on "Predict, Prevent, and Protect: Cultivating Positive Mental Health in Internal Audit" by Azran Osman-Rani, CEO, and Co-Founder of Naluri.

Report on Main Committee

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

Over the past 6 years, we have expanded our roster of conference speakers and trainers to 100 subject matter experts. The Professional Development Committee (PDC) extended a warm welcome to 22 new conference speakers and 2 new trainers who have joined the Institute in Year 2023. We deeply appreciate the dedication and contributions of all our speakers and trainers, whose efforts have enriched the knowledge and skills of internal audit professionals. We also express gratitude to our members and corporate partners who have entrusted IIA Malaysia with their training requirements and have been steadfast supporters of our programs and conferences. Additionally, we acknowledge and value the support of our esteemed sponsors, whose contributions have been instrumental in the success of our conferences in 2023.

IIA Malaysia plays a vital role in the internal auditing profession's adaptation to the dynamic business environment. It leverages technology, enhances risk management practices, and expands the role of internal auditors as trusted advisors to stakeholders. Continuous professional development and staying updated with industry trends are essential for internal auditors to excel in their roles. The Institute is pivotal in equipping internal auditors with the knowledge, skills, and ethical mindset necessary to effectively comply with Global Internal Audit Standards.

Our aspiration for IIA Malaysia is to become a leading voice for governance in the country, and we firmly believe that this objective can be achieved by forming cooperative alliances with our partners. Together, we can drive innovation, promote best practices, and elevate the calibre of internal auditors throughout the nation.

The Professional Development Committee (PDC) extends heartfelt appreciation to the Professional Development Department team at the Institute for their dedicated commitment and continuous efforts in addressing the evolving needs of our members and the industry in terms of knowledge.

In conclusion, I extend deep gratitude to the PDC committee members for their invaluable insights, unwavering support, and generous investment of time—all of which significantly contributed to advancing the Institute's mission of "Elevating Impact."

Santosh Govind

Chairman

Professional Development Committee 2023/2024

Report on Main Committee

PROFESSIONAL SERVICES COMMITTEE (PSC) REPORT

MEMBERSHIP

1) Members Growth (2019 – 2023)



In the year 2023, the Institute's individual membership grew 4% compared to the previous year. This growth brought the total number of individual members to 3,284, meanwhile the corporate membership was 254 members, a 7% increase from the previous year. In Year 2023, the Institute welcomed 349 new individual members and 10 new corporate members, further expanding the Institute's network and influence within the industry.

2) Members Activities

Throughout 2023, the Institute organised various engaging events and initiatives to enhance member participation and satisfaction:

- **Membership Drive Campaign**

The Institute's annual Member Get Members campaign, launched from 3rd April to 30th June 2023, resulted in the successful recruitment of 48 new individual members through 29 referrals. This campaign highlighted our members' commitment to promoting and growing the community.

Report on Main Committee

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

• Members' Networking Session

In line with the Institute's dedication to fostering connections and knowledge sharing, 10 complimentary networking sessions was conducted, benefiting 255 members. These sessions covered diverse topics as following:

2023 CAREER TALK	TOPIC	SPEAKER	NO. OF PARTICIPANTS
9 February	Internal Audit Value And KPIs	Mr Maciej Pioletowicz Vice-Chairman IIA Poland	38
17 March	Women's Day Special talk - Power.Impact.Purpose.Influence	Mr Gerald Fernandez Chief Executive Officer, Tapro Recruitment & Training Agency	23
6 April	Cyber Threats & Best Practices JV with ISACA	Mr William Wong Group Chief Information Security Officer, Alliance Bank	25
24 May	Unlocking the Power of Audit Data Analytics: Maximizing Value and Overcoming Implementation Challenges	Mr Derrick Wong Founder and Managing Director, Connevate Group	29
7 June	Unlocking the Power of Audit Data Analytics: Maximizing Value and Overcoming Implementation Challenges	Mr Derrick Wong Founder and Managing Director, Connevate Group	32
18 July	Unlocking the Power of Audit Data Analytics: Maximizing Value and Overcoming Implementation Challenges	Mr Derrick Wong Founder and Managing Director, Connevate Group	15
9 September	Insightful Connections: Connect and Learn - JV with CIMA	Mr Derrek Lee Siew Weng Board of Governor IIA Malaysia	30
13 September	Chat & Coffee with the BOGs	Board of Governors IIA Malaysia	26
25 October	CAE Roundtable 2023 • Audit Unplugged: Harnessing Digital Synergy for Unprecedented Insights - Case Study by Maxis Berhad • Asia Pacific Risk in Focus 2024 Striking the Balance between Privacy and Security - JV with ISACA	Mr Shafik Azlee Mashar Chief Audit Executive, Maxis Berhad Mr Faizul Abdullah Head of Continuous Assurance, Maxis Berhad Mr Stephen Coates Past President, ACIIA	50
26 October	Striking the Balance between Privacy and Security - JV with ISACA	Mr Murugason R Thangaratnam Chief Executive Officer Novem CS Sdn Bhd	8

Report on Main Committee

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

- Members' Networking Session (Cont'd)**

Other Networking Activities:

- IIA Malaysia Movie Night**
 The event took place on 18th August 2023, at TGV Sunway Pyramid, with an attendance of 52 participants. The movie night provided a fun and engaging networking opportunity for members to socialise and enjoying a movie together.
- IIA Malaysia Bollywood Diwali Party**
 Nearly 80 guests attended the Deepavali festive gathering on 25th November 2023, demonstrating our gratitude to members for their unwavering support.
- Career Talks joint venture with the Certification Department**
 Collaborating with the Certification Department, the Institute conducted 10 career talks and participated in 5 career expos across various universities.

The following were the details of the session:

2023 CAREER TALK	UNIVERSITY/COLLEGE	TOPIC	SPEAKER REPRESENTATIVE
3rd March	Universiti Tenaga Nasional (UNITEN)	IT Audit and Cybersecurity	Mr. Divakaren Sivagurunathan
21st March	Kolej University Islam Selangor (KUIS)	The Importance of Risk Management in Halal Sector	Mr. Ramzee Che Omar
24th March	Universiti Tunku Abdul Rahman (UTAR)	The Role of Internal Audit in Risk Management	Mr. Sivaramayah Sivalingam
1st June	Sunway University	The Role of Internal Audit in Corporate Governance	Mr. Dennis, Chong Yu Cheang
2nd June	Universiti Malaya (UM)	Audit and Assurance for banks	Moderator: Dr. Suhaily Shahimi Panellist: Mr. Alan Chang Kong Chong Mr. Amran Mohamad Mr. Shamsul Bahrom Bin Mohamed Ibrahim Pn. Wahdania Mohd Khir Mr. Mohd Zaki Abdullah
14th June	Universiti Selangor (UNISEL)	Internal Audit Career Pathway	Mr. Adrian Ong Ching Woo
2nd August	UNITAR International University	Collaboration between UNITAR & IIA Malaysia:	Ms. Teh Hui Hui

Report on Main Committee

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

• Career Talks joint venture with the Certification Department (Cont'd)

2023 CAREER TALK	UNIVERSITY/COLLEGE	TOPIC	SPEAKER REPRESENTATIVE
20th September	Taylor's University	The Role of Internal Auditors In ESG (Environmental, Social and Governance) Strategy Formulation, Implementation and Compliance.	Wan Mohd Azim Long
21st September	DISTED College	How To Explore Your Options and Skills in Internal Auditing	Pn. Ainon Mahat
1st November	INTI International University & Colleges	Future Career Exploration: How To Explore Your Options and Skills in Internal Auditing	Mr. Santosh P. Govindan Kutty Nair
2023 CAREER EXPO			
15th March	UNITAR International University	Career Fair/Expo	
27th & 28th March	UTAR Sg Long	Career Fair/Expo	
30th May – 1st June	Spice Arena, Penang	National Human Capital Conference & Exhibition	
21st August	TAR UMT	Career Fair/Expo	
1st November	UNITAR International University	Career Fair/Expo	

IIA Malaysia Competitions:

• [The IIA Malaysia Treasure Hunt](#)

On 4th November 2023, for the 2nd time, the Institute organised the treasure hunt event that attracted 26 cars and 103 participants. Through this event, the Institute provided a donation RM 5,000 (Five Thousand Ringgit Malaysia) to Persatuan Harapan Mulia to help fund the student's education and well-being of the home.

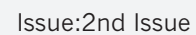
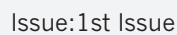
• [Article Writing Competition](#)

In conjunction with the International Internal Audit Awareness Month, The Institute launched an article writing competition. The competition received eight (8) articles, with three (3) winners receiving exclusive prizes. The winners were:

- 1) Winner **Muhammad Nur I'zwan Abu Bakar**
o Honor X9a 5G Smartphone
- 2) 1st Runner Up **Teh Hui Hui**
o Samsung Galaxy Tab A7 Lite LTE Android Tablet
- 3) 2nd Runner Up **Muhammad Zuhair Che Mohamad Aluan**
o JBL Flip 6 Portable Waterproof Speaker

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

On an annual basis the Institute publish two issues of the KIT newsletter to provide members with valuable insights into industry developments and Institute activities. The online versions are made available on The Institute's website (<https://iiam.com.my/membership/member-activities/>).



We extend our heartfelt gratitude to our members, partners, and stakeholders for their continuous support and contributions to the Institute's growth and success.

Professional Services Committee 2023/2024

Report on Main Committee

RESEARCH AND TECHNICAL ADVISORY COMMITTEE (RTAC) REPORT

BACKGROUND

The objectives of the RTAC is as follows:

- 1) To provide technical advice on matters relating to internal audit¹, corporate governance, risk management, internal control and other internal audit related matters²;
- 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 recommend grants for internal audit related research projects for Board of Governor's approval.; and
- 6) To identify and initiate projects to build the Research Fund.

PUBLICATIONS

The RTAC carried out its technical advisory role 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 internal audit activities.

During the financial year, four (4) E-Techline publications were issued, covering the following topics:

E-TECHLINE ISSUE NO.	ISSUANCE DATE	TOPICS COVERED
01/23	8 February 2023	<ul style="list-style-type: none"> GTAG: Auditing Network and Communications Management The Data Dilemma: Empowering Internal Audit's Use of Technology Prominence of Strategic Audits in an Era of Competitive Business Landscape
02/23	17 April 2023	<ul style="list-style-type: none"> IPPF Evolution 2023 Focus on The Future Report - Internal Audit Must Accelerate Its Response in Addressing Key Risks Fraud - Part 3: The Hangover—Fraud in The Post Covid Era 2023 North American Pulse of Internal Audit - Benchmarks for Internal Audit Leaders
03/23	30 June 2023	<ul style="list-style-type: none"> On the Frontlines: AI in 'IA' Fraud Risk Management Guide, Governance Risk, and Control - Part 2: Quantifying Non-Financial Risk New COVID-inspired frauds will emerge
04/23	29 August 2023	<ul style="list-style-type: none"> Governance, Risk, and Control - Part 3: How Digital Transformation is Transforming GRC Tone at the Top White Paper on Shariah Audit Guidelines on Technology Risk Management Audit Advantage: How IA assists management in unlocking growth

The IIA Malaysia successfully published and launched Frequent Asked Questions (“FAQ”) Internal Review of Sustainability Statement by Internal Auditors during the National Conference on 24th October 2023. The FAQ document, the first in a series to come, aims to provide clarity to internal auditors on their roles in reviewing the Sustainability Statement. It fosters an understanding of the internal review processes by internal auditors, which will be executed in accordance to the International Professional Practices Framework (“IPPF”) 2017, issued by The Institute of Internal Auditors Inc., to achieve the desired consistency of quality and standards.

Report on Main Committee

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

WEBINARS

During the financial year, RTAC organised two (2) complimentary webinars to members, on the topics presented below:

DATE	TOPIC	SPEAKERS	NO OF PARTICIPANTS
24 May 2023	IIA Malaysia Townhall Messaging on The Proposed Global Internal Audit Standards	Ms Alyssa Hew Li Min, (Head, Technical & Quality Assurance)	66
4 December 2023	Bursa Malaysia's Enhanced Conflict of Interest ("COI") Disclosure Requirements	Mr Khaidzir Shahari (Partner, Risk Consulting KPMG Management and Risk Consulting Sdn Bhd) Mr Iliyas Razali (Partner, Corporate Finance Zaid Ibrahim & CO)	64

TECHNICAL ADVISORY

RTAC and IIA Malaysia's Technical and Quality Assurance Department provided the following technical support services on the members inquiries:

- International Professional Practices Framework (IPPF) 2017 Edition and its application;
- Latest publications from The IIA Global Bookstore; and
- Newly released frameworks and their application.

EDUCATIONAL DEVELOPMENT PRODUCTS (EDP)

IIA Malaysia actively promotes and provides a diverse array of publications covering topics integral to internal audit, corporate governance, risk management, internal control, and other relevant issues within its community. These resources are meticulously categorised and organised to address the varied needs of our members, ranging from those embarking on their internal audit careers to individuals seeking managerial and team training materials, as well as executive-level thought leadership content.

The majority of these publications stem from The IIA Research Foundation in the United States, with IIA Malaysia serving as the exclusive distributor within Malaysia. Furthermore, our offerings extend to include reading materials authored by respected entities such as Gleim (publisher of the CIA exam), COSO, Wiley, and CRC Press. As part of their membership benefits, IIA members enjoy substantial discounts on these materials.

The IIA Research Foundation boasts a robust catalogue of over 100 titles that delve into cutting-edge subjects such as data analytics, audit committee practices, governance, and control mechanisms. To enhance member engagement, we implement a monthly promotional theme for our educational products, aimed at drawing attention to relevant resources and fostering continuous learning within our community.

Report on Main Committee

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

EDUCATIONAL DEVELOPMENT PRODUCTS (EDP) (Cont'd)

RESEARCH GRANT

The RTAC identified research topics in internal auditing for those interested in applying for research grants. The RTAC vetted all grant applications, and following the award of grants to successful applicants, monitored the progress of research projects, and thereafter reviewed the final research report prior to approving the research report for publication. The outcome of these research projects are published on IIA Malaysia's website. All research projects must have outcomes that benefit members in the internal audit profession. As a reference, the total research funds balance as of 31st December 2023 was RM220,465. 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

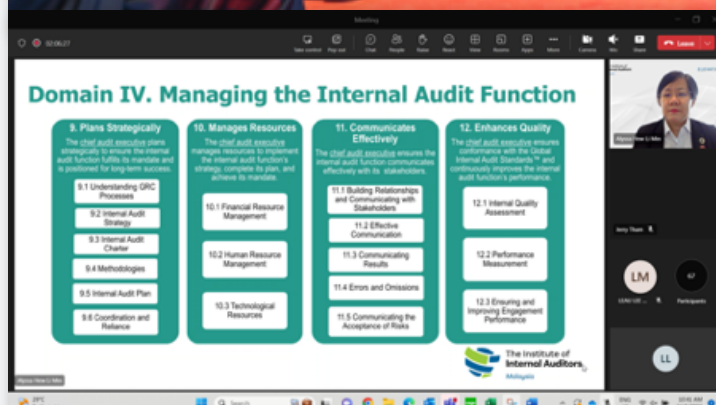
Chairperson

Research and Technical Advisory Committee 2023/2024

Report on Main Committee

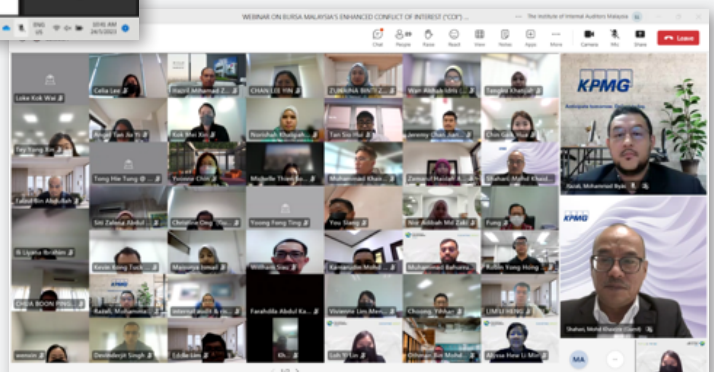
RESEARCH AND TECHNICAL ADVISORY COMMITTEE (RTAC) REPORT (Cont'd)

Frequent Asked Questions (“FAQ”) Internal Review of Sustainability Statement by Internal Auditors launching at IIA MALAYSIA NATIONAL CONFERENCE 2023: Agile, Adaptable and Forward - Thinking



Webinar on IIA Townhall Messaging on The Proposed Global Internal Audit Standards by Ms Alyssa Hew Li Min

Webinar on Bursa Malaysia's Enhanced Conflict of Interest (“COI”) Disclosure Requirements by Mr Khaidzir Shahari and Mr Iliyas Razali



Report on Main Committee

INTERNAL QUALITY ASSESSMENT COMMITTEE (IQAC) REPORT

BACKGROUND

The IQAC consists of three members appointed by the Board of Governors (“BOG”) of IIA Malaysia. For Year 2023, the IQAC members are as follows:

- i. Mr Haikel Bin Ismail, IQAC Chairman
- ii. Mr Tay Boon Hock, and
- iii. Pn Ainon Mahat.

The IQAC operates with the following objectives:

1. To assess consistency on QAR practices carried out by the QAR team as per QA Manual. This is achieved by carrying out internal quality assurance of at least 10% of the number of engagements or a minimum of five engagements to be selected by the IQA Committee of The IIA Malaysia. The samples are selected based on the following considerations:
 - a) Customer rating/ feedback.
 - b) Type of QAR assignment performed.
 - c) Team Leader and Member selection.
 - d) Others i.e. industry, company size and company’s reputation.
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. Following our commitment to safeguarding client confidentiality and protecting sensitive commercial information, we adhere to a policy restricting the use of specific names and absolute figures in our reports submitted to the BOG. Instead, we convey key insights and trends within the constraints of our confidentiality obligations.
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 deliver added value by assessing the presence and efficacy of the review and monitoring processes for IQA assignments, ensuring the consistent delivery of high-quality QAR assignments to our clients in alignment with established standards. Additionally, the IQA Committee considers and oversees enhancements based on customer feedback.
7. To uphold the integrity and impartiality of the IQA Committee, participation in the committee must be free from any conflicts of interest. The IQA Committee is required to annually sign a Conflict-of-Interest Declaration as a part of our enforcement measures.

Activities in the Year 2023

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 six IQA reviews on jobs completed in 2023 by the QA Section.
4. IQAC provided valuable feedback to the department for continuous improvement.
5. IQAC deliberated and endorsed the Quality Assurance Strategy and Budget for 2024.
6. IQAC reviewed and approved the appointment of two new external assessors based on the recommendation by the Head, Technical & Quality Assurance.
7. IQAC oversee the seven sessions of QA Section’s free-of-charge preliminary QAR readiness assessment in 2023.
8. IQAC assisted QA Section’s launch of the IA Health Check Quiz on IIA’s website.

Report on Main Committee

Exceptional Financial Performance Highlights:

In 2023, IIA Malaysia's Quality Assurance and Review ("QAR") services showcased outstanding performance, with revenue surging by 241% to RM1,233K from RM362K the previous year, despite operating with a lean QA Section team.

This significant financial achievement reflects the increasing demand for external quality assessment services, aligning seamlessly with IIA Malaysia's strategic objectives.

Our success underscores our dedication to excellence and the trust placed in our services by members and clients, showcasing the expertise of our team in driving organizational success. Moving forward, we remain committed to exceeding expectations and upholding the highest standards of quality and professionalism.

Subsequent Activities in 2024:

In March 2024, the Internal Quality Assessment Committee ("IQAC") completed the internal quality assessment review of 2023 engagements, adhering meticulously to established standards and terms of reference.

The overall assessment affirmed the alignment of our practices with professional standards, reflecting our commitment to excellence and service integrity.

Our dedication to continuous improvement ensures consistent delivery of exceptional quality in all engagements.

As we progress, we continue refining our processes to maintain the highest standards of quality and professionalism.

APPRECIATION

The IQAC extends its appreciation to all client organisations who have engaged The Institute of Internal Auditors Malaysia (IIA Malaysia) to perform the QAR. To uphold the standards of IA in Malaysia as per the IPPF, the IQAC would like to take this opportunity to encourage more corporate members and organisations to participate in the QAR exercises provided by IIA Malaysia, which will enhance the quality of companies' internal audit function.

Haikel Bin Ismail

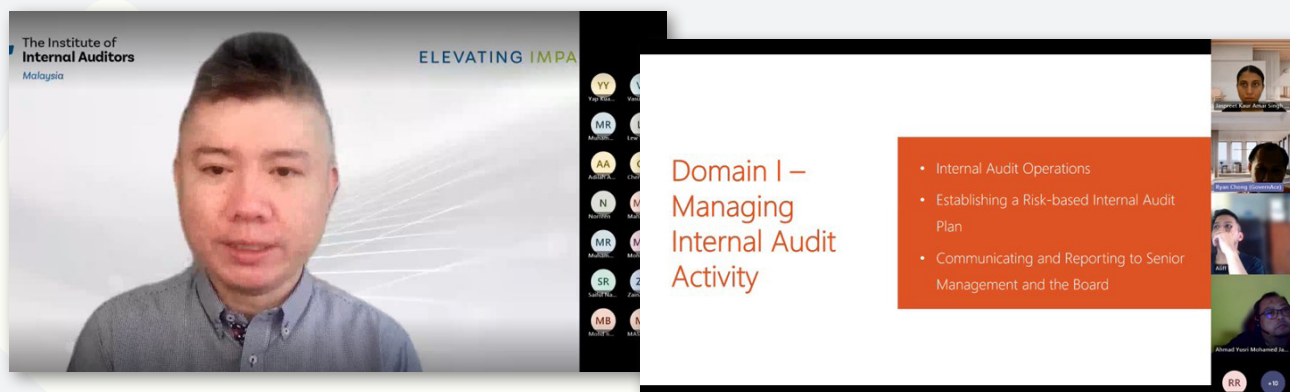
Chairman

Internal Quality Assurance Committee 2023/2024

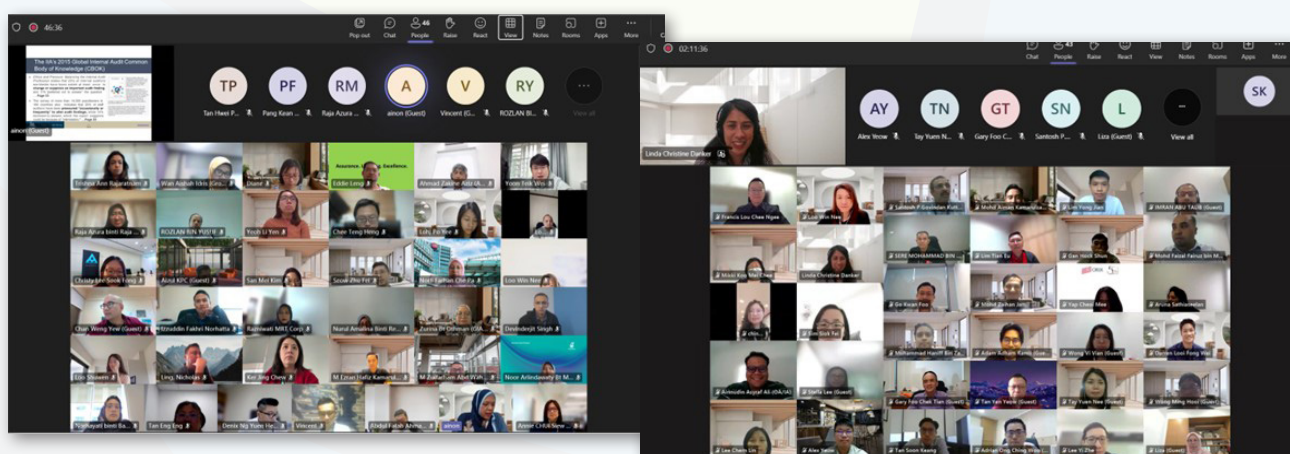
Report on Main Committee

CERTIFICATION AND ACADEMIC RELATIONS COMMITTEE

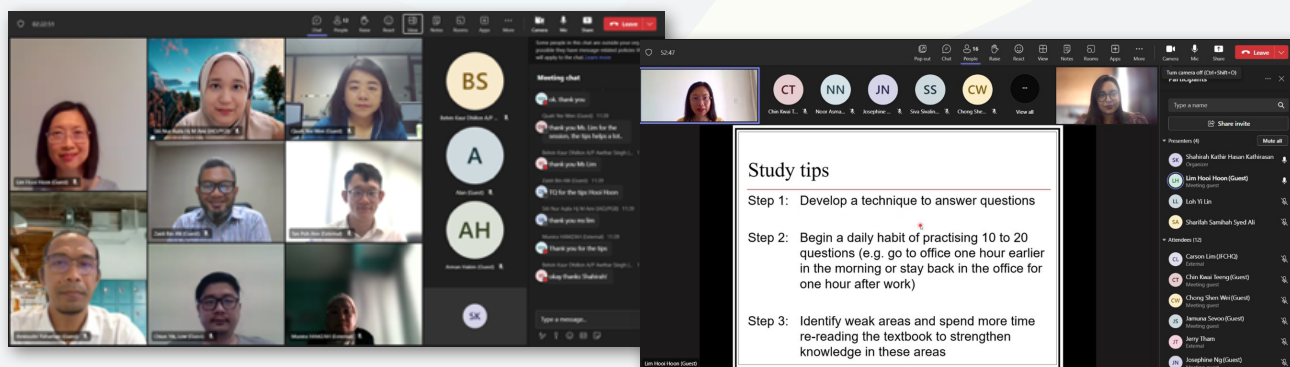
CIA Online Revision Classes



Complimentary Code of Ethics sessions for members



CIA Briefing Session for new candidates



Report on Main Committee

CERTIFICATION AND ACADEMIC RELATIONS COMMITTEE

University Engagement Highlights



CIA Luncheon

A fantastic turnout at the CIA Luncheon held on the 4th October 2023. The event was organised to celebrate the Certified Internal Auditors accomplishments and recognise their dedication to obtaining the prestigious certification. The session also gave them an opportunity to connect with fellow professionals in the sector.



Report on Main Committee

PROFESSIONAL DEVELOPMENT COMMITTEE



ACIIA CAE Forum 2023 - 17 May



Audit Committee Conference 2023 - 14 Sept



East Malaysia Conference 2023 - 4 Sept

Report on Main Committee

PROFESSIONAL DEVELOPMENT COMMITTEE



National Conference 2023 - 24 Oct



**ESG Auditing Techniques:
Providing Assurance on The
Sustainability Statement or Report**
Date: 9 March 2023
Trainer: Reinushini Chandrasegaram

Agile Auditing
Date: 18 & 19 April 2023
Trainer: Gurbakhish Singh

**High-Impact Operational Audit of the
HR Management Function**
Date: 19, 20 & 21 June 2023
Trainer: Stanley Yap

Report on Main Committee

PROFESSIONAL DEVELOPMENT COMMITTEE



Fraud Risk Management: Tools and Techniques

Date: 12 & 13 September 2023

Trainer: Raymon Ram



Integrated Approach to Auditing

Date: 6 & 7 December 2023

Trainer: Monnie Goh

PROFESSIONAL SERVICES COMMITTEE



Chat & Coffee with BOG - 13 September 2023



MOU signing with CIMA - 9 September 2023



MOU with UIS - 8 August 2023

Report on Main Committee

PROFESSIONAL SERVICES COMMITTEE



Movie night - 4 August 2023



Networking session with CIMA - 9 September 2023



Treasure Hunt - 4 November 2023

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
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 23/05/18
2018/2020	Alan Chang Kong Chong
2021/2022	Zainal Akbar SK MD Abdul Kader

HONORARY MEMBERS

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

FELLOW MEMBERS

- | | |
|------------------------------|----------------------------------|
| 1. Chang Kong Chong, Alan | 16. Low Ying Leong, Edmund |
| 2. Chieng Ing Mui, Peter | 17. Nesarajah A/L Chelliah |
| 3. Chin Cheng Soon, Margaret | 18. Ong May Ee, Christine |
| 4. Dato' Shabaruddin Ibrahim | 19. Philip Satish Rao |
| 5. Devanesan Evanson | 20. Ranjit Singh A/L Taram Singh |
| 6. Farid Chia Abdullah | 21. Stanley Yap Onn Nam |
| 7. Fatimah Abu Bakar | 22. Suresh Maria Alexander |
| 8. Hasnah Haron | 23. Suresh N Kannan |
| 9. Jeyaratnam Velupillai | 24. Vijayam Nadarajah |
| 10. Kanason Pothiniker | 25. Walter Sandosam |
| 11. Lee Min On | 26. Wee Hock Kee |
| 12. Lee Siew Cheng, Mary | 27. Wong Yew Sen |
| 13. Lee Siew Kuan | 28. Wong Kam Yang, Lucy |
| 14. Lim Kien Chai | 29. Woo Yoke Meng |
| 15. Lou Swee You | 30. Young Tat Yong |



2023

FINANCIAL REPORT

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Governors' Report

The Governors have pleasure in submitting their report together with the audited financial statements of The Institute of Internal Auditors Malaysia (the "Institute") for the financial year ended 31 December 2023.

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.

FINANCIAL RESULTS

RM

Surplus for the financial year

1,392,589

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:

Affeiz Bin Abdul Razak	
Mohd Khaidzir Bin Shahari	
Dominic Chegne How Kooi	
Tay Boon Hock	
Lee Siew Weng	
Haikel Bin Ismail	
Santosh A/L P. Govindan Kutty Nair	
Philip Satish Rao	
Jimmy Tium Beng Teck @ Jimmy Teo B T	(appointed on 24.05.2023)
Stephen John Byrne	(appointed on 24.05.2023)
Mohamad Yasin Bin Abdullah	(appointed on 24.05.2023)
Noorlida Binti Mohd Khalid	(appointed on 24.05.2023)
Suhailah Binti Mohamed Abdulla	(appointed on 15.11.2023)
Kho Chai Huat	(appointed on 15.11.2023)
Ainon Binti Mahat	(appointed on 15.11.2023)
Norchahya Binti Ahmad	(retired on 17.06.2023)

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 19(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.

Governors' Report

AUDITORS' REMUNERATION

The auditors' remuneration of the Institute for the financial year ended 31 December 2023 is RM30,000.

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 2 May 2024.



DOMINIC CHEGNE HOW KOOI



AFFEIZ BIN ABDUL RAZAK

KUALA LUMPUR

Statement By Governors

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

We, the undersigned, being two of the Governors of the Institute, do hereby state that, in the opinion of the Governors, the 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 2023 and of its financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Governors in accordance with a resolution of the Governors dated 2 May 2024.



DOMINIC CHEGNE HOW KOOI



AFFEIZ BIN ABDUL RAZAK

KUALA LUMPUR

Statutory Declaration

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

I, Lee Siew Weng (MIA Membership No.: 19006), 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 2 May 2024)

Before me,



LEE SIEW WENG



22nd Floor, Wisma Hamzah Kwong Hing
No. 1, Leboh Ampang,
50100 Kuala Lumpur

COMMISSIONER FOR OATHS

Independent Auditors' Report to the Members of the Institute of Internal Auditors Malaysia

[REGISTRATION NO.: 199401024059 (309740-D)] (INCORPORATED IN 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 2023, 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 material accounting policy information, as set out on pages 62 to 88.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Institute as at 31 December 2023, 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

[REGISTRATION NO.: 199401024059 (309740-D)] (INCORPORATED IN 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
2 May 2024



LIM BEE PENG

Approved Number: 03307/06/2025 J
Chartered Accountant

Statement of Financial Position

As at 31 December 2023

	Note	2023 RM	2022 RM
ASSETS			
Non-current asset			
Property, plant and equipment	4	4,184,956	4,238,826
Current assets			
Inventories	5	71,580	100,371
Trade receivables	6	794,998	613,655
Other receivables	7	181,463	187,010
Fixed deposits with licensed banks	8	5,100,000	3,800,000
Cash and bank balances	9	1,993,855	1,640,959
		8,141,896	6,341,995
Total assets		12,326,852	10,580,821
EQUITY AND LIABILITIES			
Equity			
Research fund	10	220,465	176,026
Accumulated funds		10,818,486	9,490,948
Total equity		11,038,951	9,666,974
Current liabilities			
Trade payables	11	78,013	170,972
Other payables	12	976,384	656,672
Tax payable		233,504	86,203
Total liabilities		1,287,901	913,847
Total equity and liabilities		12,326,852	10,580,821

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 2023

	Note	2023 RM	2022 RM
Revenue	13	7,651,486	5,334,222
Direct costs	14	(2,773,237)	(1,938,663)
Gross surplus		4,878,249	3,395,559
Other income		315,067	262,192
Administrative expenses		(3,271,210)	(2,673,964)
Surplus before tax	15	1,922,106	983,787
Taxation	16	(529,517)	(176,369)
Surplus for the financial year, representing total comprehensive income for the financial year		1,392,589	807,418

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

Statement of Changes in Equity

For the Financial Year Ended 31 December 2023

	Note	Research Fund RM	Accumulated Funds RM	Total Equity RM
At 1 January 2022		186,046	8,700,691	8,886,737
Surplus for the financial year, representing total comprehensive income for the financial year		-	807,418	807,418
Transfer from accumulated funds	10	17,161	(17,161)	-
Utilised during the financial year	10	(27,181)	-	(27,181)
At 31 December 2022		176,026	9,490,948	9,666,974
At 1 January 2023		176,026	9,490,948	9,666,974
Surplus for the financial year, representing total comprehensive income for the financial year		-	1,392,589	1,392,589
Transfer from accumulated funds	10	65,051	(65,051)	-
Utilised during the financial year	10	(20,612)	-	(20,612)
At 31 December 2023		220,465	10,818,486	11,038,951

Statement of Cash Flows

For the Financial Year Ended 31 December 2023

	2023 RM	2022 RM
Operating Activities		
Surplus before tax	1,922,106	983,787
Adjustments for:		
Depreciation of property, plant and equipment	133,069	134,305
Inventories written off	3,054	-
Interest income	(173,265)	(79,184)
Unrealised loss/(gain) on foreign exchange	5,449	(12,902)
Operating surplus before working capital changes	1,890,413	1,026,006
Change in working capital:		
Inventories	25,737	36,342
Trade receivables	(181,137)	(85,012)
Other receivables	5,547	119,063
Trade payables	(100,546)	58,577
Other payables	319,712	247,505
	69,313	376,475
Cash generated from operations	1,959,726	1,402,481
Tax paid	(382,216)	(76,186)
Net cash from operating activities	1,577,510	1,326,295
Investing Activities		
Purchase of property, plant and equipment	(79,199)	(18,560)
Interest received	173,265	79,184
(Placement)/Withdrawal of fixed deposits not for short-term funding requirements	(2,600,000)	400,000
Research fund utilised	(20,612)	(27,181)
Net cash (used in)/from investing activities	(2,526,546)	433,443
Net (decrease)/increase in cash and cash equivalents	(949,036)	1,759,738
Effects of exchange translation differences on cash and cash equivalents	1,932	13,446
Cash and cash equivalents at the beginning of the financial year	2,940,959	1,167,775
Cash and cash equivalents at the end of the financial year	1,993,855	2,940,959
Cash and cash equivalents at the end of the financial year comprises:		
Fixed deposits with licensed banks	5,100,000	3,800,000
Cash and bank balances	1,993,855	1,640,959
	7,093,855	5,440,959
Less: Deposits not for short-term funding requirements	(5,100,000)	(2,500,000)
	1,993,855	2,940,959

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

Notes to the Financial Statements

31 December 2023

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.

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 has 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 has been prepared under the historical cost convention, unless otherwise indicated in the material accounting policies below.

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:

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112	International Tax Reform - Pillar Two Model Rules

The adoption of the new standards and amendments to standards did not have any significant impact on the financial statements of the Institute except as disclosed below:

Amendments to MFRS 101 Disclosure of Accounting Policies

The Institute adopted Amendments to MFRS 101 *Disclosure of Accounting Policies* from 1 January 2023. The amendments require the disclosure of material accounting policy information rather than significant accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Accordingly, the Institute disclosed their material accounting policy information in these financial statements. However, the amendments did not result in any material changes to the accounting policies of the Institute.

Notes to the Financial Statements

31 December 2023

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 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
Amendments to MFRS 16	Lease Liability in a Sale and Lease Back	1 January 2024
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
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 amendments to standards, if applicable, when they become effective.

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

(b) Functional and presentation currency

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

(c) Significant accounting judgements, estimates and assumptions

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

Notes to the Financial Statements

31 December 2023

2. Basis of Preparation (Cont'd)

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

Judgements

The following is the judgement made by management in the process of applying the Institute's accounting policies that has 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:

- (i) the customer simultaneously receives and consumes the benefits provided by the Institute's performance as the Institute performs;
- (ii) 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
- (iii) 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:

Depreciation and useful lives of property, plant and equipment

The Institute reviews the residual values, useful lives and depreciation methods at the end of each reporting period. Judgements are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and therefore, future depreciation charges could be revised.

The carrying amounts of the Institute's property, plant and equipment is disclosed in Note 4.

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 17.

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 less estimated cost to sell. Demand level and pricing competition could change from time to time. If such factors result in an adverse effect on the Institute's products, the Institute might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 5.

Notes to the Financial Statements

31 December 2023

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

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 2023, the Institute has tax payable of RM233,504 (2022: RM86,203).

3. Material Accounting Policies

The Institute applies the material 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.

Notes to the Financial Statements

31 December 2023

3. Material Accounting Policies (Cont'd)

(b) Property, plant and equipment

(i) Recognition and measurement

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Institute and the cost of the item can be measured reliably. The carrying amount of the replaced component is derecognised. All other repair and maintenance are recognised in profit or loss during the financial year in which they are incurred.

Subsequent to initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and accumulated impairment losses.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its 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.

Capital work-in-progress consists of information system under installation. The amount is stated at cost until the property, plant and equipment are ready for their intended use.

(ii) Depreciation

Depreciation is recognised in the profit or loss on straight-line basis to write off the cost of each asset to its residual value over its estimated useful life. Property, plant and equipment under installation are not depreciated until the assets are ready for its intended use.

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.

Notes to the Financial Statements

31 December 2023

3. Material Accounting Policies (Cont'd)

(c) As lessee

Short-term leases and leases of low-value assets

The Institute has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Institute recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. Low value assets are those assets valued at less than RM20,000 each when purchased new.

(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.

Notes to the Financial Statements

31 December 2023

3. Material Accounting Policies (Cont'd)

(d) Financial assets (Cont'd)

Financial asset categories and subsequent measurement (Cont'd)

All financial assets, except for those measured at FVTPL and equity investments measured at FVTOCI, are subject to impairment assessment.

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 derecognised 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 derecognition 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 derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition 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 2023

3. Material 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.

(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 2023

3. Material 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.

(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 satisfies 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.

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.

Notes to the Financial Statements

31 December 2023

3. Material 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: (Cont'd)

(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.

(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.

Notes to the Financial Statements

31 December 2023

3. Material Accounting Policies (Cont'd)

(m) Fair value measurement (Cont'd)

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 2023

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	Capital work -in-progress RM	Total RM
2023								
Cost								
At 1 January 2023	4,828,564	6,840	273,204	160,287	17,239	321,430	-	5,607,564
Additions	-	1,600	13,999	-	-	-	63,600	79,199
Written off	-	(3,420)	-	-	-	-	-	(3,420)
At 31 December 2023	4,828,564	5,020	287,203	160,287	17,239	321,430	63,600	5,683,343
Accumulated depreciation								
At 1 January 2023	643,808	6,840	225,817	160,287	15,146	316,840	-	1,368,738
Charge for the financial year	96,571	53	34,322	-	1,043	1,080	-	133,069
Written off	-	(3,420)	-	-	-	-	-	(3,420)
At 31 December 2023	740,379	3,473	260,139	160,287	16,189	317,920	-	1,498,387
Carrying amount								
At 31 December 2023	4,088,185	1,547	27,064	-	1,050	3,510	63,600	4,184,956
2022								
Cost								
At 1 January 2022	4,828,564	6,840	260,044	160,287	17,239	316,030	5,589,004	
Additions	-	-	13,160	-	-	5,400	18,560	
At 31 December 2022	4,828,564	6,840	273,204	160,287	17,239	321,430	5,607,564	
Accumulated depreciation								
At 1 January 2022	547,237	6,840	189,936	160,287	14,103	316,030	1,234,433	
Charge for the financial year	96,571	-	35,881	-	1,043	810	134,305	
At 31 December 2022	643,808	6,840	225,817	160,287	15,146	316,840	1,368,738	
Carrying amount								
At 31 December 2022	4,184,756	-	47,387	-	2,093	4,590	4,238,826	

The strata title of freehold premises with net carrying amount of RM4,088,185 (2022: RM4,184,756) is pending issuance by the relevant authorities.

Notes to the Financial Statements

31 December 2023

5. Inventories

	2023 RM	2022 RM
Publications and books	71,580	100,371
Recognised in profit or loss:		
Inventories recognised as cost of sales	248,292	243,708
Inventories written off	3,054	-

6. Trade Receivables

	2023 RM	2022 RM
Trade receivables	796,598	615,255
Less: Accumulated impairment losses	(1,600)	(1,600)
	794,998	613,655

Generally, sales are on cash term save for approved customers who are given credit terms of 30 to 60 days (2022: 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.

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
2023			
Not past due	87,232	(228)	87,004
Past due:			
1 to 30 days	428,787	(489)	428,298
31 to 60 days	226,183	(270)	225,913
More than 60 days	54,396	(613)	53,783
	709,366	(1,372)	707,994
	796,598	(1,600)	794,998
2022			
Not past due	202,918	(228)	202,690
Past due:			
1 to 30 days	217,558	(489)	217,069
31 to 60 days	80,008	(270)	79,738
More than 60 days	114,771	(613)	114,158
	412,337	(1,372)	410,965
	615,255	(1,600)	613,655

Notes to the Financial Statements

31 December 2023

6. Trade Receivables (Cont'd)

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

As at 31 December 2023, gross trade receivables of RM709,366 (2022: RM412,337) were past due but not individually impaired. These relate to a number of customers with slower repayment records.

7. Other Receivables

	2023 RM	2022 RM
Other receivables	110,739	45,870
Deposits	24,548	24,548
Prepayments	46,176	116,592
	<u>181,463</u>	<u>187,010</u>

8. Fixed Deposits with Licensed Banks

	Note	2023 RM	2022 RM
Deposits with tenures of less than 3 months	(a)	-	1,300,000
Deposits with tenures of more than 3 months	(b)	5,100,000	2,500,000
		<u>5,100,000</u>	<u>3,800,000</u>

(a) The weighted average interest rate and maturities of the fixed deposits with tenures of less than 3 months are Nil (2022: 2.95%) per annum and 90 days (2022: 90 days) respectively.

(b) The weighted average interest rates and maturities of the fixed deposits with tenures of more than 3 months are 4.02% (2022: 2.55%) per annum and 365 days (2022: 365 days) respectively.

9. Cash and Bank Balances

Included in cash and bank balances of the Institute is an amount of RM413,614 (2022: RM327,077) held in trust by the Institute on behalf of Asian Confederation of Institutes of Internal Auditors ("ACIIA"). The Institute was appointed as trustee to ACIIA for all financial related matters until the incorporation of the new governance structure in ACIIA in the Philippines.

Notes to the Financial Statements

31 December 2023

10. Research Fund

	2023 RM	2022 RM
At 1 January	176,026	186,046
Transfer from accumulated funds	65,051	17,161
Utilised during the financial year	(20,612)	(27,181)
At 31 December	220,465	176,026

The objectives of the research fund are:

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

11. Trade Payables

The normal trade credit terms granted to the Institute is 60 days (2022: 60 days) depending on the terms of the contracts.

12. Other Payables

	Note	2023 RM	2022 RM
Other payables	(a)	288,529	250,964
Accruals	(b)	550,962	326,867
Contract liabilities	(c)	136,893	78,841
		976,384	656,672

- (a) Included in other payables is an amount due to ACIIA of RM211,340 (2022: RM173,222).
- (b) As at 31 December 2023, included in accruals of the Institute was accrual for bonus of RM543,561 (2022: RM272,287).
- (c) 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.

Notes to the Financial Statements

31 December 2023

13. Revenue

	2023 RM	2022 RM
Revenue from contracts with customers		
Entrance fees and subscriptions	1,306,955	1,280,678
Seminar and conference income	4,592,756	3,116,445
Examination fees	519,226	574,883
Quality Assessment Review fees	1,232,549	362,216
Total revenue from contract with customers	7,651,486	5,334,222
Timing of revenue recognition		
At a point in time	6,418,937	4,972,006
Over time	1,232,549	362,216
Total revenue from contract with customers	7,651,486	5,334,222

14. Direct Costs

	2023 RM	2022 RM
Members' activities	536,141	347,905
Seminars and conferences	1,762,685	1,333,105
Examination	112,813	140,191
Quality Assessment Review Cost	361,598	117,462
	2,773,237	1,938,663

15. Surplus before Tax

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

	2023 RM	2022 RM
Auditors' remuneration	30,000	30,000
Depreciation of property, plant and equipment	133,069	134,305
Inventories written off	3,054	-
Lease expenses relating to low value assets	14,874	14,604
(Gain)/Loss on foreign exchange		
- Realised	(6,746)	6,780
- Unrealised	5,449	(12,902)
Fixed deposits interest income	(173,265)	(79,184)

16. Taxation

	2023 RM	2022 RM
Tax expenses recognised in profit or loss		
Malaysian income tax:		
Current tax provision	540,658	193,270
Over provision in prior years	(11,141)	(16,901)
	529,517	176,369

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 2023

16. Taxation (Cont'd)

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

	2023 RM	2022 RM
Surplus before tax	1,922,106	983,787
At Malaysian statutory tax rate of 24% (2022: 24%)	461,305	236,109
Tax effects on scale rates	53,410	(5,948)
Income not subject to tax	(89,939)	(176,825)
Expenses not deductible for tax purposes	99,120	63,765
Deferred tax assets not recognised	16,762	76,169
Over provision of income tax in prior years	(11,141)	(16,901)
Tax expenses for the financial year	529,517	176,369

The Institute has estimated unutilised capital allowances amounted to RM4,001 (2022: RM2,964) available for carry forward to offset against future taxable profits. The said amounts are subject to approval by the tax authorities.

17. Deferred Tax

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

<u>Deferred tax liability</u>	2023 RM	2022 RM
Accelerated capital allowances		
At 1 January	15,360	9,490
Recognised in profit or loss	(2,580)	3,691
(Over)/Under provision in prior years	(112)	2,179
At 31 December	12,668	15,360

<u>Deferred tax asset</u>	2023 RM	2022 RM
Contract liabilities		
At 1 January	(15,360)	(9,490)
Recognised in profit or loss	2,580	(3,691)
Over/(Under) provision in prior years	112	(2,179)
At 31 December	(12,668)	(15,360)

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

	2023 RM	2022 RM
Contract liabilities	84,111	15,306
Unutilised capital allowances	4,001	2,964
	88,112	18,270

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.

Notes to the Financial Statements

31 December 2023

18. Staff Costs

	2023 RM	2022 RM
Salaries, wages and other emoluments	2,217,151	1,579,585
Defined contribution plans	186,118	197,151
Social security contributions	17,995	15,205
Other benefits	138,652	142,954
	<u>2,559,916</u>	<u>1,934,895</u>

The number of permanent staff at the end of financial year are 21 (2022: 17).

19. Related Party 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 elsewhere in the financial statements, the related party transactions of the Institute are as follows:

	2023 RM	2022 RM
Members' annual subscription fees paid by Governors	<u>3,500</u>	<u>2,220</u>

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

	2023 RM	2022 RM
Short-term employee benefits	1,143,856	913,948
Post-employment employee benefits	122,069	95,503
	<u>1,265,925</u>	<u>1,009,451</u>

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

Notes to the Financial Statements

31 December 2023

20. Financial Instruments

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of the financial instruments are measured and how income and 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
2023			
Financial assets			
Trade receivables	794,998	-	794,998
Other receivables *	135,287	-	135,287
Fixed deposits with licensed banks	5,100,000	-	5,100,000
Cash and bank balances	1,993,855	-	1,993,855
	<u>8,024,140</u>	<u>-</u>	<u>8,024,140</u>
Financial liabilities			
Trade payables	-	78,013	78,013
Other payables #	-	839,491	839,491
	<u>-</u>	<u>917,504</u>	<u>917,504</u>
2022			
Financial assets			
Trade receivables	613,655	-	613,655
Other receivables *	70,418	-	70,418
Fixed deposits with licensed banks	3,800,000	-	3,800,000
Cash and bank balances	1,640,959	-	1,640,959
	<u>6,125,032</u>	<u>-</u>	<u>6,125,032</u>
Financial liabilities			
Trade payables	-	170,972	170,972
Other payables #	-	577,831	577,831
	<u>-</u>	<u>748,803</u>	<u>748,803</u>

* Exclude prepayments

Exclude contract liabilities

Notes to the Financial Statements

31 December 2023

20. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies

The Institute's financial risk management policy is to ensure that adequate financial resources are available for the development of the Institute's operations whilst managing its 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 trade and other receivables 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 (2022: 2 debtors), which accounted for 39% (2022: 50%) 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 2023

20. Financial Instruments (Cont'd)

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

(iii) Market risks

(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	
	2023 RM	2022 RM
Monetary assets		
Trade receivables	4,537	8,923
Cash and bank balances	281,369	160,661
Monetary liability		
Trade payables	(43,649)	(478)
	<u>242,257</u>	<u>169,106</u>

Foreign currency sensitivity analysis

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

	Effect on surplus before tax	
	2023 RM	2022 RM
Changes in currency rate		
USD		
- Strengthened by 10% (2022: 10%)	24,226	16,911
- Weakened by 10% (2022: 10%)	<u>(24,226)</u>	<u>(16,911)</u>

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31 December 2023

20. Financial Instruments (Cont'd)

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

(iii) Market risks (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:

	2023 RM	2022 RM
Fixed rate instrument		
Financial asset		
Fixed deposits with licensed banks	5,100,000	3,800,000

(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

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21. Capital Management

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

- (i) To be the recognised voice for the internal audit profession;
- (ii) To develop and sustain the internal audit profession in Malaysia through appropriate 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.

22. Date of Authorisation for Issue of Financial Statements

The financial statements were authorised for issue by the Board of Governors in accordance with a resolution of the Governors on 2 May 2024.



The Institute of
Internal Auditors
Malaysia

THE INSTITUTE OF INTERNAL AUDITORS MALAYSIA

1-17-07, Menara Bangkok Bank, Berjaya Central Park, 105 Jalan Ampang,
50450, Kuala Lumpur, Malaysia

Tel: +603 2181 8008 Fax: +603 2181 1717

Email: general@iiam.com.my

Like us on  The Institute of Internal Auditors Malaysia mainpage

www.iiam.com.my

