

THE INSTITUTE OF INTERNAL AUDITORS MALAYSIA

[Registration No. 199401024059 (309740-D)]

(Incorporated in Malaysia)

MINUTES OF THE THIRTIETH ANNUAL GENERAL MEETING (“30TH AGM”) OF THE INSTITUTE OF INTERNAL AUDITORS MALAYSIA (“THE INSTITUTE”) HELD AT R STUDIO 1 AND 2, RENAISSANCE KUALA LUMPUR HOTEL & CONVENTION CENTRE, CORNER OF JALAN SULTAN ISMAIL AND JALAN AMPANG, 50450 KUALA LUMPUR, ON SATURDAY, 21 JUNE 2025 AT 10:00 A.M.

Present : Board of Governors
Encik Mohd Khaidzir bin Shahari (in the Chair)
Puan Suhailah binti Mohamed Abdulla
Mr. Kho Chai Huat
Encik Affeiz bin Abdul Razak
Puan Ainon binti Mahat
Encik Amran bin Mohamad
Mr. Lee Siew Weng
Mr. Jimmy Tium Beng Teck @ Jimmy Teo B T
Encik Mohamad Yasin bin Abdullah
Mr. Philip Satish Rao
Mr. Stephen John Byrne
Mr. Tay Boon Hock

Absent with : Mr. Dominic Chegne How Kooi
apologies
Puan Noorlida binti Mohd Khalid

Attendance of Members

As per the Summary of Attendance List

By Invitation : Invitee and Management Team
Ms. Geetha Kanny (“Ms. Geetha”) – Executive Director
Mr. Lee Min On – Election Chairman

Representatives from Messrs UHY, the External Auditors

Ms. Michelle Lim Bee Peng
Mr. Ow Yew Choong

In Attendance : Ms. Tham Yin Tong (Company Secretary)
Ms. Hani Fadhiah binti Hishamudin

CHAIRMAN

Encik Mohd Khaidzir bin Shahari presided as Chairman of the meeting. The Chairman welcomed all members to the 30th AGM and introduced the Board of Governors, Management team, Company Secretary, and External Auditors to the members of the Institute.

QUORUM

The members were informed that pursuant to Clause 59 of the Constitution of the Institute, the quorum of the meeting shall be determined by the presence of one half of the voting Members or twice the members of the Board, whichever is less.

Upon confirming the presence of the requisite quorum pursuant to the Institute's Constitution, the Chairman called the meeting to order.

NOTICE

There being no objection, the notice convening the meeting, having been circulated earlier to all the members of the Institute within the statutory period, was taken as read.

MEETING PROCEDURES

The members were then briefed on the following matters:-

- (1) Members could download the following documents of the 30th AGM of the Institute through the meeting tile on the Institute's website:-
 - (i) Notice of 30th AGM
 - (ii) Minutes of 29th AGM
 - (iii) Annual Report 2024
 - (iv) 30th AGM Nominees Profile
- (2) The Governors and Management would endeavor to answer the questions posed during the meeting.

PRESENTATION OF OPERATIONAL AND FINANCIAL PERFORMANCE

Ms. Geetha, the Executive Director of the Institute, was then invited to present the operational and financial performance of the Institute to the members.

The Chairman shared his reflections on the key success factors of the Institute over the past year since taking office as President. He highlighted three main contributors:

1. Diverse and Balanced Board Composition

The Chairman highlighted the Board of Governors' balanced composition, comprising representatives from advisory firms, regulatory bodies, and the Sarawak region. These members brought diverse perspectives and were committed to contributing to the Institute. Additionally, the Board has included Governors from the various industries, such as financial services and healthcare. The Chairman also acknowledged the continuing support from the past Presidents, committees, and spokespersons of the Institute.

2. Enhanced Collaboration with Stakeholders

He noted significant improvements in collaboration with key stakeholders, including Jabatan Audit Negara, Bursa Malaysia Securities Berhad (“Bursa Securities”), the Securities Commission Malaysia, Bank Negara Malaysia, the Malaysian Institute of Accountants (“MIA”), and the Institute of Corporate Directors Malaysia. Further, the Institute now includes a representative from Bursa Securities and MIA in the Technical Committee and the Statement on Risk Management and Internal Control Committee, respectively.

3. Commitment to Reporting and Governance

The Chairman highlighted the Institute’s proactive efforts in strengthening its internal processes and reporting, including the introduction of sustainability reporting, updates to the risk management, preparation of the internal audit report, development of key performance indicators (KPIs), and implementation of performance appraisals.

After the presentation of the operational and financial performance of the Institute, the Chairman informed that all the Ordinary Resolutions required a simple majority of more than 50% of the show of hand/votes cast by members present in person or by proxies at the meeting, while the special Resolution required a majority of at least 75% of the show of hand/votes cast by members present in person or by proxies. He proceeded to the business of the agenda of the 30th AGM of the Institute.

1. AUDITED FINANCIAL STATEMENTS OF THE INSTITUTE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

The Chairman informed that the Audited Financial Statements of the Institute for the financial year ended 31 December 2024, together with the Governors’ and Auditors’ Reports, had been circulated to all members of the Institute within the statutory period. The same, together with the Institute’s Annual Report, had also been uploaded to the Institute’s website.

The Chairman further informed that the Audited Financial Statements do not require formal approval from members pursuant to the provision of the Companies Act 2016. Thus, it would not be put forward to the members for voting.

The Chairman then invited questions related to the Audited Financial Statements from the floor.

The Board of Governors addressed the questions raised by the members, to which the questions and responses are attached to these minutes as Appendix 1.

After addressing the question raised, the Chairman declared that the Audited Financial Statement for the financial year ended 31 December 2024 be hereby received.

2. ORDINARY RESOLUTIONS – RE-ELECTION OF MEMBERS WHO RETIRE PURSUANT TO CLAUSE 34 OF THE INSTITUTE’S CONSTITUTION AND ELECTION OF NEW MEMBERS NOMINATED TO THE BOARD OF GOVERNORS FOR YEAR 2025/20256

The Chairman informed that the following Governors were due for retirement pursuant to Clause 34 of the Institute’s Constitution, and eligible for re-election at the 30th AGM:-

1. Mr. Dominic Chegne How Kooi;
2. Mr. Lee Siew Weng;
3. Mr. Jimmy Tium Beng Teck @ Jimmy Teo B T;
4. Puan Noorlida binti Mohd Khalid; and
5. Mr. Stephen John Byrne.

Mr. Dominic Chegne How Kooi, Mr. Lee Siew Weng, Mr. Jimmy Tium Beng Teck @ Jimmy Teo B T, and Mr. Stephen John Byrne had offered themselves for re-election, whilst Puan Noorlida binti Mohd Khalid had expressed that she would not seek re-election and shall retire at the conclusion of the 30th AGM.

The Chairman informed that the Institute has received four (4) nominations for election as Governors.

The Chairman also informed that Mr. Santosh A/L P. Govindan Kutty Nair (“Mr. Santosh”) tendered his resignation as Governor of the Institute on 15 June 2025. Currently, the Board has 14 Governors, whereby 5 Governors were seeking re-election, while 1 Governor would retire at the conclusion of the 30th AGM. Pursuant to Clause 32 of the Institute’s Constitution, the Board of Governors shall at any time comprise no less than five (5) members or not more than 15 members, of whom there shall not be more than three (3) Past Presidents.

As a result of the above, there were two (2) vacancies on the Board of Governors for 2025/2026.

The Nomination Committee had reviewed the nomination forms of the nominees and proposed the following nominees for election:-

1. Mr. Haikel bin Ismail;
2. Mr. Terence Tan Kian Meng;
3. Mr. Chang Ming Chew; and
6. Puan Lizah binti Abd Wahab.

The Chairman then passed the chair to Mr. Lee Min On, the Election Chairman, to proceed with the resolutions on the re-election and election of Governors for 2025/2026.

Mr. Lee Min On took over the chair and declared that the voting on the resolutions on re-election and election of Governors shall be by poll. He then briefed the members on

the process and voting procedure for re-election and the election of Governors for 2025/2026. He also informed that candidates require a majority vote of more than 50% of the total number of valid votes from the members present and voting at the AGM to be re-elected or elected as Governor for 2025/2026.

Mr. Lee Min On then invited the retiring Governors who were seeking re-election, and the new nominees, to give a two-minute introduction of themselves.

The meeting proceeded with the voting process by poll.

Upon collecting all completed ballot papers from the members, Mr. Lee Min On invited the persons who had volunteered themselves as scrutineers to proceed with the counting and verification of votes.

While awaiting the results of the votes, Mr. Lee Min On handed the meeting back to the Chairman.

3. ORDINARY RESOLUTION – RE-APPOINTMENT OF MESSRS UHY AS AUDITORS OF THE INSTITUTE AND TO AUTHORISE THE BOARD OF GOVERNORS TO FIX THEIR REMUNERATION

The Chairman moved on to Agenda 3 – Ordinary Resolution on the re-appointment of Auditors. Chairman informed that Messrs UHY had indicated their willingness to continue in office.

The following resolution was then put to vote at the meeting by a show of hands, and it was declared carried:-

“THAT Messrs UHY be and are hereby re-appointed as Auditors of the Institute, to hold office until the conclusion of the next Annual General Meeting AND THAT the Board of Governors be authorised to fix their remuneration.”

4. SPECIAL RESOLUTION – ALTERATION OF THE EXISTING CONSTITUTION BY REPLACING IT WITH A NEW CONSTITUTION (“ALTERATION”)

The Chairman proceeded to the Special Resolution on Alteration. He informed that the full text of the Special Resolution was set out in the Notice of Meeting dated 30 May 2025. The explanatory statement on the Alteration was attached as Annexure A to the Notice of Meeting, subject to minor amendments in the said annexure.

The Chairman then invited questions related to the Alteration from the floor.

After the Board of Governors addressed the question raised by a member, the following resolution was then put to a vote at the meeting by a show of hands, and it was declared carried:-

“THAT the existing Constitution of the Institute be altered by replacing it in its entirety with a new Constitution, attached as Annexure A, subject to the approval of Registrar of Companies.

THAT the Governors of the Institute be hereby authorised to take all necessary steps, actions, and things deemed fit to complete the Alteration, including agreeing to any conditions, modifications, variations, or amendments as may be required or imposed by the relevant authorities, subject to the laws and regulations governing the Institute.”

5. ANY OTHER BUSINESS

The Chairman informed that the Institute had not received any notice of any other business to be transacted at the meeting.

ANNOUNCEMENT OF POLLING RESULTS FOR ORDINARY RESOLUTIONS ON RE-ELECTION OF MEMBERS WHO RETIRE PURSUANT TO CLAUSE 34 OF THE INSTITUTE’S CONSTITUTION AND ELECTION OF NEW MEMBERS NOMINATED TO THE BOARD OF GOVERNORS FOR YEAR 2025/2026

The Chairman invited Mr. Lee Min On to announce the results of the voting. The results of the votes, which had been verified and confirmed by the scrutineers, were flashed out to the members.

Mr. Lee Min On announced the results of the votes as follows:-

<u>No.</u>	<u>Name of Candidates</u>	<u>Results of Vote</u>	<u>%</u>
1.	Mr. Dominic Chegne How Kooi	51	81.0
2.	Mr. Jimmy Tium Beng Teck @ Jimmy Teo B T	49	77.7
3.	Mr. Chang Ming Chew	43	68.3
4.	Puan Lizah binti Abd Wahab	39	61.9
5.	Mr. Stephen John Byrne	39	61.9
6.	Mr. Lee Siew Weng	38	60.3

Mr. Lee Min On further declared the following resolutions carried:-

(I) RE-ELECTION OF MR. DOMINIC CHEGNE HOW KOOI AS GOVERNOR PURSUANT TO CLAUSE 34 OF THE INSTITUTE’S CONSTITUTION

“**RESOLVED** THAT Mr. Dominic Chegne How Kooi who is retiring pursuant to Clause 34 of the Constitution of the Institute be and is hereby re-elected as the Governor of the Institute for the year 2025/2026.”

(II) RE-ELECTION OF MR. LEE SIEW WENG AS GOVERNOR PURSUANT TO CLAUSE 34 OF THE INSTITUTE'S CONSTITUTION

“**RESOLVED** THAT Mr. Lee Siew Weng who is retiring pursuant to Clause 34 of the Constitution of the Institute be and is hereby re-elected as the Governor of the Institute for the year 2025/2026.”

(III) RE-ELECTION OF MR. JIMMY TIUM BENG TECK @ JIMMY TEO B T AS GOVERNOR PURSUANT TO CLAUSE 34 OF THE INSTITUTE'S CONSTITUTION

“**RESOLVED** THAT Mr. Jimmy Tium Beng Teck @ Jimmy Teo B T who is retiring pursuant to Clause 34 of the Constitution of the Institute be and is hereby re-elected as the Governor of the Institute for the year 2025/2026.”

(III) RE-ELECTION OF MR. STEPHEN JOHN BYRNE AS GOVERNOR PURSUANT TO CLAUSE 34 OF THE INSTITUTE'S CONSTITUTION

“**RESOLVED** THAT Mr. Stephen John Byrne who is retiring pursuant to Clause 34 of the Constitution of the Institute be and is hereby re-elected as the Governor of the Institute for the year 2025/2026.”

(IV) ELECTION OF MR. CHANG MING CHEW AS NEW GOVERNOR SUBJECT TO APPROVAL OF THE REGISTRAR OF COMPANIES

“**RESOLVED** THAT subject to the approval of the Registrar of Companies, Mr. Chang Ming Chew, who has made a declaration under Section 201 of the Companies Act 2016 (“the Act”), be and is hereby elected to the Board of Governors of the Institute for the year 2025/2026.”

(V) ELECTION OF PUAN LIZAH BINTI ABD WAHAB AS NEW GOVERNOR SUBJECT TO THE APPROVAL OF THE REGISTRAR OF COMPANIES

“**RESOLVED** THAT subject to the approval of the Registrar Of Companies, Puan Lizah binti Abd Wahab, who has made a declaration under Section 201 of the Companies Act, be and is hereby elected to the Board of Governors of the Institute for the year 2025/2026.”

Mr. Lee Min On passed the chair back to the Chairman. The Chairman congratulated the Governors/members who were re-elected and elected.

CLOSURE OF MEETING

There being no further business, the meeting closed at 12.30 p.m. with a vote of thanks to the Chair.

Date:

**CONFIRMED AS A CORRECT
RECORD OF THE MEETING BY**



CHAIRMAN

TKS/SF/TYT/HF

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QUESTIONS AND ANSWERS AT THE THIRTIETH ANNUAL GENERAL MEETING HELD ON 21 JUNE 2025

Q1: It was noted that The Institute of Internal Auditors Malaysia (“the Institute” or “IIA Malaysia”) recorded a net profit of RM3.3 million from seminars last year. However, there was a lack of training seminars relating to the construction and procurement sectors, as only one training in relation thereto was conducted in December 2024. Most of the training was heavily focused on the financial and compliance aspects. Why is there limited sharing of expertise in other sectors by members? Additionally, what are the financial implications of environmentalism, particularly in terms of pricing and contracts? Are auditors equipped with the knowledge?

A1: The Institute acknowledges the importance of expanding its training coverage to include various sectors such as construction, procurement, and operational areas. Management will actively seek support from the members with relevant expertise to develop and deliver more diversified training programmes. The Secretariat will conduct regular assessments to ensure a balance and comprehensive training is offered to the members that meet the evolving needs of the members.

Q2: i) The cash and bank balances stood at RM1.8 million as of 31 December 2024 (2023: RM2.0 million). Do these balances bear interest? The amount appears high for the purposes of meeting the operating expenditure of RM7.5 million for 2024 (including tax payment), i.e., approximately RM630,000 per month. Is there a designated person overseeing treasury management to ensure surplus funds are invested in short-term fixed deposits?

ii) Under Note 9 (page 97) of the Annual Report 2024, an amount of RM458,000 is stated as held in trust by the Institute on behalf of the Asia Confederation of Institute of Internal Auditors (“ACIIA”). However, Note 12(a) under Other Payables only shows RM245,000 due to ACIIA. Could this be an error? Is there a management letter from the external auditors stating that the trust fund should have been adjusted to reflect the portion belonging to the Institute?

iii) Note 18 (page 100) of the Annual Report 2024 shows an increase in defined contribution plans expense of RM30,000 (16%) while salaries, wages, and other emoluments decrease by RM65,000 (3%). What are the reasons for the discrepancy?

A2:

i) The Institute’s cash balances generally do not bear interest. However, Management has placed surplus funds in the fixed deposit accounts. To ensure financial stability, the Institute maintains a reserve of RM800,000—covering at least two months of its RM200,000–RM300,000 monthly operating costs. Surplus funds are strategically placed in fixed deposits offering the highest returns, with maturities ranging from 1 to 12 months. Short-term placements serve as a contingency buffer, ensuring liquidity for urgent needs.

Additionally, the Institute closely monitors cash flow and forecasts significant payments on a fortnightly basis, aligning with its two payment cycles each month. This proactive financial management approach strengthens our ability to maintain operational readiness while maximizing returns.

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- ii) Malaysia has ceased its role as the ACIIA Secretariat, and its functions have been transferred to ACIIA Philippines. In the interim, while the setup of ACIIA Philippines is still pending, the funds previously held by ACIIA Malaysia have been under the custody of IIA Malaysia since 2022, in accordance with the resolution dated 27 March 2022.
- iii) The amount of RM458,000 disclosed under Note 9 as part of cash and bank balances represents funds held in trust by the Institute on behalf of ACIIA Malaysia. This amount remains with the Institute, as the formal establishment of ACIIA Philippines has yet to be completed. As outlined in the aforementioned resolution, the transfer of these funds will be executed on a net basis, after deducting any outstanding amounts owed to IIA Malaysia.
- iv) For disclosure purposes, the funds held in trust are presented under Note 9, while the balance to be transferred to ACIIA Philippines is disclosed under Note 12(a) as per the table below:

Note AFS 2024	Descriptions	RM
Note 9	Cash and bank balances represents funds held in trust by the Institute on behalf of ACIIA Malaysia	458,000.00
	Outstanding amount due from ACIIA Malaysia	213,000.00
Note 12 (a)	Net balance payable/to be transferred to ACIIA Philippines	245,000.00

There is no formal management letter from the external auditors on this matter, but it has been noted for review.

- v) A significant increase in salary and wages over the 12 months is due to new joiners and salary adjustments to align with market benchmarks. While the decrease in total emoluments is due to resignations, the increase in base salaries of the remaining staff is attributed to the increase in contribution to the Employees' Provident Fund ("EPF"). Salaries, wages, and emoluments amounted to RM2.1 million (2023: RM2.22 million), comprising current year salaries, over/under-provision of prior year bonuses, tokens of appreciation (not subject to EPF), and bonus provisions (inclusive of EPF contributions). Meanwhile, the defined contribution plan represents only the EPF contributions that were calculated based on and remitted from salaries during the financial year

Based on the verified records by UHY, the disclosed defined contribution plan—also known as the EPF contribution—has increased in line with the rise in basic salary. The rationalisation test was conducted at a rate of 12%, in accordance with EPF contribution requirements.

Q3: In 2024, the Institute reported RM1.8 million in cash and bank balances, and RM6.7 million in fixed deposits with licensed banks, totalling approximately RM8.5 million in liquid assets. In addition, there are RM4.2 million in non-current assets. Given that the Institute is a non-profit organisation, how does the Institute ensure that the financial surplus benefits its loyal and long-standing members? Could the Board consider some initiatives, such as offering a discount on conference fees or members' incentives, as a return to the members? The Institute is not profit-driven like commercial banks but should function similarly as the Human Resource Development Corporation—

prioritising members' growth and development. Why is the Institute maintaining such high cash reserves, and can it refund them to the members?

A3: The Institute acknowledges the importance of returning value to the members. In 2024, approximately RM1.0 million from the reserve was allocated for advocacy and loyalty programmes, such as training discounts and other benefits. While these efforts may not immediately be noticeable as a single large benefit, they are part of an ongoing, structured approach to consistently support and reward the members.

The Institute will work towards improving communication so that members are more aware of the ongoing efforts and benefits made available to them. Various tiers of discounts, promotions, and support initiatives have already been introduced as part of this give-back approach.

The Institute is focusing on more sustainable and meaningful initiatives that offer continued value rather than organising one-off events like appreciation dinners, which may have a limited long-term impact.

Maintaining financial reserves remains a necessity. Unlike statutory or regulatory bodies such as the Malaysian Institute of Accountants, the Institute operates as a voluntary membership organisation. Members may choose not to pay their membership fees at any time. As such, the Institute has to ensure that it has sufficient reserves to meet its operations and obligations when unforeseen events happen.

Q4: Minutes of the last Annual General Meeting (“AGM”) in 2024 mentioned that the list of questions and answers (“Q&A”) on the financial statements is set out in Appendix 1 to the AGM minutes. However, the version that was downloaded from the Institute’s website does not contain the Appendix. Could the Management clarify if it was included?

A4: The minutes of the meeting will be improved in clarity and completeness for future AGMs. However, Management has confirmed that Appendix 1 was included in the previous AGM minutes, which are available on the Institute’s website. Members are encouraged to ensure they have accessed the complete document in order to view the full Q&A section.

Q5: On page 20 of the Annual Report 2024, the Corporate Governance Statement mentions that the Board institutes the highest standard in building trust and confidence in the Institute’s operations. To be effective and relevant, the Board has adopted fit and proper criteria for Board members, which include a time commitment to meetings. Do these criteria set a minimum meeting attendance requirement for official Board meetings?

On page 21, it is stated that an internal assessment of the performance of the Board and individual Governors was conducted in 2024. Could the Board share the outcomes of this assessment, including identified strengths, areas for improvement, together with the remedial measures with timelines as recommended by the Malaysian Code on Corporate Governance?

Based on the evaluation, does the Board support the re-election of retiring Governors?

On page 14, did the internal assessment include a review of the Governors' attendance? It is noted that three Governors recorded attendance below 50% in 2024. How is this addressed?

A5: Normally, Governors will inform the President if they are going to be absent, and they stay updated through committee involvement. The Board acknowledges the concern. In 2024, the Institute carried out assessments and confidential questionnaires covering the Board and individual Governors. The Chairman highlighted the Board's strengths as its diverse experience and expertise, with members well-versed in their professions. Areas for improvement include enhancing focus on risk management and strategic planning, which are being addressed by the executive committees and Board members. The assessment was objective, and the results were shared with all Governors and served as an effective tool to guide the Board's work. The Board supports the re-election of retiring Governors. All nominations undergo review by the Nomination Committee, which recommends suitable candidates to the Board, and subsequently, to the members for their approval at the AGM.

Q6: i) **As a non-profit professional organisation and a company limited by guarantee, does the Institute have a policy to allocate a portion of its annual surplus—given that it has consistently recorded surpluses for nearly two decades—for initiatives that promote the internal audit profession? This could include educational sponsorships, member-focused seminars, conferences, advocacy programmes, and enhanced member participation measures such as hybrid AGMs and electronic voting, particularly for members outside the Klang Valley, in line with best practices in corporate governance.**

ii) **Referring to page 46 of the Audit and Risk Management Committee (ARMC) Report, the proposed internal audit fee to cover three areas was RM60,000. However, only two of the three planned areas were audited. What was the actual internal audit cost incurred for the financial year 2024 ("FY2024")? What methodology was adopted by the Internal Audit function—was it based on the International Professional Practices Framework with the Global Internal Audit Standards ("GIAS")? Did Internal Audit assess the follow-up actions taken by Management on prior audit findings? If not, how was follow-up conducted to ensure that previously identified risks were adequately addressed?**

iii) **Additionally, the 2024 Annual Report's Sustainability Statement indicates that environmental, social, and governance ("ESG") oversight falls under the ARMC, but the ARMC Report does not mention any ESG-related oversight conducted during FY2024. Was such oversight performed?**

A6: i) Yes, the Institute, as a non-profit professional organisation and a company limited by guarantee, is committed to allocate a significant portion of its annual income which is in line with the Constitution; the Institute shall spend every year at least 50% of all income (surplus) and donations received or whatever percentage approved by the Director General of Inland Revenue subject always that such spending must be solely towards the promotion of the objects of the Institute as set forth in this Constitution.

The objects includes:-

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- a) to provide dynamic leadership for the global profession of internal auditing through:
 - i. Advocating and promoting the value that internal audit professionals add to their organisations;
 - ii. Providing comprehensive professional educational and development opportunities, standards and other professional practice guidance, and certification programmes;
 - iii. Research, disseminating and promoting to practitioners and stakeholders knowledge concerning internal auditing and its appropriate role in governance, risk management and control;
 - iv. Educating practitioners and other relevant audiences on best practices in internal auditing; and
 - v. Bringing internal auditors together to share information and experiences.
- ii) The ARMC initially approved a plan covering three audit areas, i.e., Review and update of the Risk Management Framework and related internal controls, Assessment of Anti-Bribery and Anti-Corruption procedures, and Review of Contract and Outsourcing Management practices. After due consideration, the ARMC decided to proceed with only two of the three areas in FY2024. The actual cost incurred for the internal audit services will be reviewed and disclosed in the upcoming report. The methodology used by the Internal Audit function was not specified in the 2024 Annual Report; however, the Board will ensure this is included in future reports. Adherence to global standards, such as the GIAS, is one of the selection criteria for third-party audit service providers. The ARMC places strong emphasis on quality and the credibility of third-party internal auditors, with vendor selection guided by experience and compliance with professional standards. Due to a limited pool of qualified service providers in the market, selection is made with careful consideration.
- iii) While the internal audit did not formally assess follow-up action plans in this cycle, the ARMC reviewed Management's responses and implementation of recommended improvements. The Committee assures that there is an ongoing process to ensure issues raised in the previous audits are followed up and resolved, to provide independent assurance to the Board.
- iv) With regard to the ESG matters, the ARMC confirms that it has oversight responsibility, and this was carried out during the year. The omission in the ARMC Report was a disclosure gap, and the Committee will ensure that such oversight activities are clearly reflected in future reporting. The ARMC regularly reviews ESG-related matters and reports them to the Board.

Q7: Would the Board consider organising programmes for members outside of the Klang Valley?

A7: The Institute acknowledges the importance of engaging members across all regions. In the past, sub-committees were established in Johor, Sarawak, and Penang to support regional activities. The Board welcomes this feedback and will explore an alternative to enhance regional engagement. The Board also encourages volunteers from the southern and other regions to step forward and support the Institute's outreach initiatives.

Q8: Over the next few years, how will the Institute assist internal auditors to remain relevant, particularly in response to growing demands in areas such as Artificial Intelligence (AI), ESG, and cyber-risk auditing?

How is the Institute enhancing member value and collaborating with regulators to strengthen audit standards and improve the profession's credibility?

Additionally, would the Institute consider collaborating with local universities to offer dual certification programmes to increase membership?

A8: The Institute is actively working to support internal auditors in staying relevant amid emerging challenges such as AI, ESG, and cyber-risk. These efforts aim to enhance recognition of the internal audit profession and promote certified internal auditors, ultimately benefiting members and reinforcing the value of Institute membership.

The Institute also emphasises advocacy to ensure the profession remains visible and relevant. While internal auditors are not governed under the Accountants Act, the Institute encourages members to consistently refer to professional standards and best practices to raise the profession's standing. Additionally, the Institute collaborates with the Institute of Corporate Directors Malaysia to support internal auditors who wish to pursue roles as independent directors, broadening their career pathways and professional impact.

On regulatory collaboration, the Institute has made significant steps by including representatives from key regulatory bodies on the Board or in sub-committees, except Bank Negara Malaysia, which is restricted by internal policies; other regulators have participated in their individual or professional capacities. This engagement is aligned with the Institute's goal of strengthening corporate governance in Malaysia.

The Board will review the suggestion to collaborate with local universities to offer dual certification programmes. While the Institute cannot mandate the Certified Internal Auditor qualification, it will consider raising the proposal at the global IIA level to explore opportunities for integration and greater accessibility through local partnerships.

Q9: With reference to the payment approval limits, item (a) applies to payments up to RM5,000, and item (b) applies to payments between RM5,001 and RM15,000. How would a payment of RM5,000.50 be handled under the current structure?

A9: The Board notes the observation and agrees that item (b) will be revised to cover payments from RM5,000 to RM15,000, to ensure a smooth approval process.