

# MIA needs to change

## World Bank report says it should improve its governance structure

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**PETALING JAYA:** After a recent assessment of the accounting and auditing environment in Malaysia, the World Bank has concluded that there ought to be changes in how the Malaysian Institute of Accountants (MIA) is governed.

The report on the observance of standards and codes, released in February, noted among other things, that the institute's governance structure and lack of resources were "posing some challenges".

The report focused on accounting and auditing standards and practices in corporate Malaysia, as well as the institutional framework that underpins the corporate financial reporting system.

"An independent review of the governance structure of the MIA should be conducted to provide recommendations for improving its structure and operations," said the World Bank.

"In particular, these actions should address the structure and membership of the MIA council, and the streamlining of the investigation and disciplinary process.

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The report noted that the institute's governing body, its council, had 30 members, 10 of whom are elected. The rest are appointed by the Government.

"All the members of the investigation, disciplinary, and disciplinary appeals committees are required to be members of the council, which limits the volume of cases these committees are able to process," said the World Bank.

The institute has already taken steps to address this. In an interview

with *StarBiz* earlier this month, MIA president Datuk Mohamed Nasir Ahmad said the institute had submitted to the Government a draft of proposed amendments to the Accountants Act 1967.

Among the changes sought was that the MIA be allowed to create multiple sub-committees to deal with investigations, with the sub-committee members possibly coming from outside the council.

However, the World Bank report did not mention any dissatisfaction over the council's composition, although this has been a longstanding complaint among some MIA members.

In a statement sent to *StarBiz*, the Malaysian Accounting Firms Association (previously known as the Association Of Small & Medium Accounting Firms of Kuala Lumpur and Selangor) pointed out that although the MIA was "wholly supported by members subscriptions", 20 of the council members were appointed by the Finance Minister on the advice of the Accountant-General, as provided under the Accountants Act.

"The MIA is probably the only members-only professional body in Malaysia, and possibly in any country, with such a majority of unelected members in council," said the

association.

"If at all any amendment to the Act is to be proposed, it should start with reinstating the rights of the members to govern themselves as professionals should."

The association issued the statement in response to the *StarBiz* article on April 16 on the proposed amendments to the Act.

Mohamed Nasir said the MIA was also proposing that its council be given the authority to make or amend certain rules, instead of having to wait for a general meeting to approve new rules.

The association frets that this may enable the MIA to unilaterally increase its membership subscription rates.

It said: "To put that in context, members have rejected subscription increases sought in the last two AGMs due to unhappiness with the institute."

The World Bank report alluded to the institute's previous attempts to seek a subscription hike.

"The MIA derives almost twice as much income from its professional development programmes than it collects from annual membership fees. The annual membership fees stand at RM250, and two recent attempts to increase annual fees were voted down," said the bank