Malaysians right now are sweltering through a heatwave and seeking sanctuary in air-conditioned buildings and cars. Elsewhere, men and women over the globe are suffering from heatwaves, wildfires, rising sea levels from melting sea ice and glaciers, cyclones, floods and drought. Truly, the climate change crisis is very real and none of us are sheltered from the impacts of global warming.

To help address the problem, various agencies and stakeholders are calling for swift collective action on climate change. The UNDP has prioritised climate strategy through UN Sustainable Development Goal 13: Climate Action. The UN’s Intergovernmental Panel on Climate Change (IPCC) has warned that emissions must be halved by 2030 and a net-zero global emissions economy achieved by 2050 in order to meet the 1.5°C goal set by the Paris Agreement 2015 and avoid the direst consequences of global warming.

As the accountancy profession is highly influential globally in business and society, the International Federation of Accountants (IFAC) is advocating for collaborative and collective action against climate change. In line with IFAC’s stance, the Malaysian Institute of Accountants (MIA) is calling for accountants in Malaysia to join the fight. As accountants are embedded in companies as leaders and business partners, they can make a significant difference by taking the lead in climate change governance, decarbonisation for business and environmental sustainability. Most importantly, accountants possess the skillsets to lead in the capture, measurement, reporting and assurance of climate and carbon emissions information needed for organisations and businesses to formulate and implement effective strategies for climate action.

To increase awareness of business and the profession on the impacts of climate change and the necessary actions, MIA is organising its inaugural Climate Change Conference 2020. Delegates can expect to learn a great deal about:
the overall landscape and impacts of climate change risks;
establishing and ensuring effective climate leadership and climate governance
within corporate boards and C-suites
climate change and impacts on business
reporting on climate change through the adoption of climate change reporting
standards that are integrated with the International Integrated Reporting Council
(IIRC), Global Reporting Initiative (GRI) and Sustainability Accounting Standards
Board (SASB) frameworks.
specifically, how accountants can help to counter climate change.

The Conference has lined up stellar speakers who are experts and advocates for climate
action, including:

- **Angelía Chin-Sharpe**, Chief Executive Officer and Country Head, BNP Paribas
  Asset Management, Malaysia
- **Arina Kok**, Director, Climate Change and Sustainability Services, Ernst & Young
  Malaysia
- **Davide Stronati**, Global Sustainability and Climate Change Leader, Mott
  MacDonald, United Kingdom
- **Isabelle De Lovinfosse**, Head of South East Asia COP26 Strategy and
  Sustainable Finance, British High Commission Singapore
- **Karen Westley**, Vice President Environment, Shell Global
- **Lakshmi Lavanya Rama Iyer**, Head of Policy and Climate Change, WWF
  Malaysia
- **Mohamed Rozani Osman**, Senior Financial Sector Specialist, World Bank
- **Nasha Lee**, Environment Analyst, United Nations Development Programme
  (UNDP) Malaysia
- **Datin Seri Sunita Mei-Lin Rajakumar**, Founder, Climate Governance
  Initiative Malaysian Chapter
- **Tan Chee Wee**, Head of Sustainability Reporting, DBS Bank, Singapore

If the profession and businesses can join hands with policy-makers and civil society
against climate change, there is still hope for the wellbeing of the planet and future
generations. As UN Secretary-General António Guterres said in September 2019 at the
Climate Action Summit, “the climate emergency is a race we are losing, but it is a race
we can win.”

For more information, please click here.

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Accountants, It’s Time to Take the Driver’s Seat to Mitigate Climate Change

By Stathis Gould

As the impacts of climate change accelerate, treating climate as a systemic risk means that climate policy has to influence change in the system. Carbon pricing mechanisms are therefore a necessity (although not a panacea) as price ultimately changes behaviour and choices.

Carbon pricing directly encourages investment in innovative low-carbon technologies that would more quickly reduce emissions. Economists and business leaders recognise this and are pushing for carbon pricing through the Climate Leadership Council, which proposes a plan for carbon dividends that will cut US CO2 emissions in half. As has been shown by British Columbia, introducing a carbon tax helped cut emissions with no negative impact on the province’s growth rate.

Unfortunately, much of the progress on climate action so far amount to baby steps. As was made abundantly clear at the World Economic Forum this year, “audit geeks” and accountants have an important role to play.

We know that businesses that fail to address the prospect of carbon taxation and higher carbon prices will face great costs to both their bottom-lines—a global carbon tax is estimated to cost businesses US$4 trillion—and their reputations. It’s time that accountants help move the needle more significantly—and more globally.

As the global voice of the accountancy profession, the International Federation of Accountants (IFAC) supports market-based policy and regulatory initiatives that lead organisations toward low-carbon business models as well as more reliable, relevant, and comparable disclosures on climate risk. The chief executives of the Accounting Bodies Network of the Prince of Wales’s Accounting for Sustainability (A4S) initiative also highlight the need for market-based policy incentives as well as better disclosure in
their Call to Action in Response to Climate Change.

Carbon pricing regimes and a global carbon market can help countries get closer to the ambitious targets set by the global Paris Agreement in 2015. As climate action becomes a more urgent political priority, governments cannot be satisfied with incremental improvements in reporting and disclosures alone. This is where market-based policy comes in. It ensures that those most responsible for climate change are paying for its impacts.

Carbon pricing, either through a carbon tax or emissions trading schemes (ETS), gives businesses the flexibility to select their own response and adoption strategies while specifically reflecting the social cost of CO2 emissions into a company’s financial statements. Those clear financial consequences are likely to drive action to mitigate emissions and reduce demand for carbon-intensive products and services. Business will treat these costs like any other operating cost and aim to reduce them.

An increasing number of companies are already applying internal carbon pricing to promote change within their operations and investments. For example, amid intense scrutiny aimed at the entire technology sector for failing to reckon with its climate footprint, Microsoft applies internal carbon pricing to drive its investment in renewable energy and increase energy efficiency.

Improving reporting on climate risk and its financial implications—and moving toward new models—is essential. This is a critical time for accountants to not just prepare for inevitable carbon pricing, but to get ahead of it.

In their roles as CFOs and finance professionals, accountants can ensure their organisations are future-fit by helping make choices that factor in potential carbon pricing—and the coming surge in climate-related regulation. This includes utilising internal pricing to inform decisions about capital investments and to better identify risks and opportunities and how strategies and plans might need adjusting.

By identifying climate risk and assessing the strategic, operational and financial implications, accountants are in a good position to contribute to discussions that lead to low-carbon business models that support sustainability and profitability.

If, as a profession, we fail to identify and empower these changes, the question will come: Where were the accountants when these make-or-break decisions were made?

If we want business to respond to the climate emergency, we need to look down the road rather than in the rearview mirror. It’s time for accountants to take the driver’s seat.

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Accountants – many of whom are small practitioners themselves – are SMEs’ trusted advisors. The corona crisis is a critical time where SMEs need all the guidance they can get to navigate through the storm.

We call on SME accountants and small accountancy practices to help struggling SMEs through these difficult times.

We recommend the following actions for SME accountants to support their struggling SME clients. Many of these will also be relevant to small accountancy practices and practitioners themselves:

1. **Inform yourself of all aid options**

   Accountants should be aware of all financial and other forms of aid provided by national governments.

2. **Apply the available aid to your client’s situations**

   Identify clients in high risk sectors and those that would benefit most from public support measures. Help them by:

   - Advising on, and guiding through, all the claims available to them
   - Identifying options to diversify their business
   - Accessing emergency financing provided by governments
   - If possible, consider re-negotiating your fees and payment schedules with them

3. **Help with immediate business survival**

   Inform your SME clients of immediate measures that might make the difference between survival and collapse. And help them implement these, for example, to:
• **Access the reliefs on offer** as soon as possible to maximise the impact.

• **Review and adjust their cash flow forecasts** to determine what impact cuts in sales will have on their ability to pay their suppliers and debt. Businesses should continue to pay their suppliers when they can to help avoid a wide-spread collapse of the financial system.

• **Consider the business model** to ascertain whether the SME can deliver goods or services in an alternative manner – such as by home delivery or online, and whether it can downsize or stop certain activities, such as travel, sales and marketing.

• **Understand their supply chains** and plan for the supply of products and services to get disrupted. This may involve scaling back production for some parts and stock and re-considering suppliers and clients from countries heavily impacted by the virus.

• **Check their insurance** and whether they are eligible for a claim for any financial losses.

• **Communicate with their staff** to discuss the possibility of short term pay cuts.

• **Ensure that their financials are up to date** so they can monitor profitability, stock, and debtor-creditor balances. Many governments offer deferment of tax returns and financial information filing. However, such deferments’ long-term impacts are not clear. They could result in a later bottleneck in filing such returns and the possible loss of financial and tax data.

• **Renegotiate their payment terms** with suppliers and help them communicate with their bank should they be unable to meet loan commitments.

• **Negotiate with their debtors**, for example to offer discounts in exchange for early payment.

• **Continually monitor the situation** and inform your clients of new initiatives so that when lifting the restrictions becomes imminent, they are ready to recommence trading.

• **If all else fails, consider the insolvency options** as it may be possible to rescue viable businesses by debt reorganisation rather than be forced into full liquidation.

4. **But also help SMEs plan for the medium term**

Many SMEs are likely to be in a crisis mode. The SME accountant should help them avoid emergency measures that could endanger the business’ medium-term viability. They can, for example, help them to:

• Reconsider whether laying off employees is unavoidable. On top of having negative social and societal impacts, cutting down on workforce also constitutes a loss of key skills for the business. This should be a last resort option only, so make your clients aware of and help them access all alternative options, aid and financing available first. It is possible that staff would prefer taking a temporary pay cut over redundancy. This could increase staff loyalty and allow the business to resume operations once the restrictions are lifted.
• Start building financial reserves as soon as possible, to prepare for a new peak in coronavirus cases even after the current restrictions are lifted.

5. Help your clients benefit from expertise of the whole SME ecosystem

You may need to call in relevant other experts to support your clients in executing these steps. Some countries, for example, require involving a certified professional for business restructuring and insolvency. It could also be wise to get legal advice to examine force majeure clauses in business and insurance contracts. As their accountant, your SME clients will rely on your networks.

This article was prepared by Accountancy Europe’s SME Experts combining practical experience from across Europe.

Disclaimer: This article was originally published on the Accountancy Europe website at the link https://www.accountancyeurope.eu/publications/covid-19-5-key-steps-for-accountants-to-guide-smes-through-the-crisis/. Used with permission of Accountancy Europe. Contact info@accountancyeurope.eu for further clarification.

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By MIA Professional Practices & Technical Team

The varying travel restrictions both locally and abroad that have been set in place following the outbreak of the Coronavirus Disease 2019 (Covid-19) pose new challenges for auditors. In addition, the onset of the Covid-19 outbreak may impact the operations of entities that are being audited and this in turn will affect the risk assessment and the nature, timing and extent of work to be performed by auditors.

Despite these challenges, auditors are still expected to conduct the audit in accordance with the approved standards on auditing in Malaysia and International Standards on Auditing. Therefore, auditors are expected to ensure that they have sufficient time and resources to perform the affected audit engagements. Where necessary, auditors may need to communicate with management and/or those charged with governance to consider applying for extension of time to lodge financial statements and reports in accordance with Section 259(2) of the Companies Act 2016 or other applicable regulations.

Auditors will need to consider the impact of the Covid-19 outbreak on audit work performed in accordance with the following non-exhaustive list of International Standards on Auditing (ISAs):

- ISA 230 Audit Documentation
- ISA 260 (Revised) Communication with Those Charged with Governance
- ISA 315 (Revised) Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment
- ISA 320 Materiality in Planning and Performing an Audit
- ISA 330 The Auditor’s Responses to Assessed Risks
- ISA 500 Audit Evidence
- ISA 501 Audit Evidence – Specific Considerations for Selected Items
- ISA 540 (Revised) Auditing Accounting Estimates and Related Disclosures
- ISA 560 Subsequent Events
The audit work to be performed may vary depending on the financial period covered by the audit due to the different stages of development of the Covid-19 outbreak.

This document addresses frequently asked questions (FAQs) on audit-related matters in respect of the impact of the Covid-19 outbreak received by staff of the Malaysian Institute of Accountants (the Institute) from auditors. Answers to the FAQs have been prepared by the staff of the Institute and are not necessarily the views of the Institute.

The FAQs are categorised as follow:

- General considerations in an audit
- Group audits
- Going concern
- Subsequent events
- Auditor’s report

Auditors are also expected to continuously exercise professional judgement in determining if the FAQs are both appropriate and relevant to their circumstances.

**QUESTIONS AND ANSWERS**

**General considerations in an audit**

**Q1 – What impact does the Covid-19 outbreak have on planning and performing an audit?**

**Impact on the assessment of audit risks and procedures**

As risk identification, assessment and responses are iterative and dynamic in nature, auditors should apply the specific requirements of the ISAs in the ensuing paragraphs.

Paragraph 31 of ISA 315 (Revised) states the following:
“The auditor’s assessment of the risks of material misstatement at the assertion level may change during the course of the audit as additional audit evidence is obtained. In circumstances where the auditor obtains audit evidence from performing further audit procedures, or if new information is obtained, either of which is inconsistent with the audit evidence on which the auditor originally based the assessment, the auditor shall revise the assessment and modify the further planned audit procedures accordingly.”

Paragraph A151 of ISA 315 (Revised) provides the following application guidance:

“During the audit, information may come to the auditor’s attention that differs significantly from the information on which the risk assessment was based. For example, the risk assessment may be based on an expectation that certain controls are operating effectively. In performing tests of those controls, the auditor may obtain audit evidence that they were not operating effectively at relevant times during the audit. Similarly, in performing substantive procedures the auditor may detect misstatements in amounts or frequency greater than is consistent with the auditor’s risk assessments. In such circumstances, the risk assessment may not appropriately reflect the true circumstances of the entity and the further planned audit procedures may not be effective in detecting material misstatements. See ISA 330 for further guidance.”

Paragraph 25 of ISA 330 states that “based on the audit procedures performed and the audit evidence obtained, the auditor shall evaluate before the conclusion of the audit whether the assessments of the risks of material misstatement at the assertion level remain appropriate.”

Therefore, the auditor should assess if the impact of the Covid-19 outbreak revises any risks previously identified or gives rise to other risks of material misstatements. Auditors should also assess whether audit procedures (including assessment on the effectiveness of internal control) and judgements arising from the impact of the Covid-19 outbreak on the financial statements of the reporting entity would give rise to a key audit matter in accordance with ISA 701.

Where applicable, the auditor shall revise materiality for the financial statements as a whole (and, if applicable, the materiality level or levels for particular classes of transactions, account balances or disclosures) in the event of becoming aware of information during the audit that would have caused the auditor to have determined a different amount (or amounts) initially[1].

Access to client’s premises, personnel and documents

Paragraph 6 of ISA 500 states that “the auditor shall design and perform audit procedures that are appropriate in the circumstances for the purpose of obtaining sufficient appropriate audit evidence.”

On 16 March 2020, the Malaysian government announced a nationwide Movement Control Order from 18 to 31 March 2020 following a spike in Covid-19 cases in Malaysia. On 25 March 2020, this period has been extended to 14 April 2020.
Consequently, auditors are unable to physically access their clients’ premises to obtain sufficient appropriate audit evidence. Auditors are also unable to similarly access their own premises. Accordingly, auditors may consider alternative ways to obtain sufficient appropriate audit evidence such as the following:

- External confirmations may be obtained directly from the confirming party in electronic form after validating the e-mail address as genuine and/or following up with a telephone conversation. The responses received electronically, for example, by facsimile or electronic mail, involve risks as to reliability because proof of origin and authority of the respondent may be difficult to establish, and alterations may be difficult to be detected.
- Examining records or documents in electronic form. Nonetheless, audit evidence in its original document form is more reliable than audit evidence provided by photocopies or facsimiles, or documents that have been transformed into electronic form, the reliability of which depends on internal controls of the reporting entity over the preparation and maintenance of financial reporting.

If the auditor is unable to obtain sufficient appropriate audit evidence prior to the signing date of the auditor’s report, the auditor shall modify the audit opinion in accordance with ISA 705 (Revised). Please also refer to Question 9 for further details.

Auditors are reminded to prepare and assemble audit documentation that is sufficient to enable an experienced auditor, having no previous connection with the audit to understand the audit evidence obtained, including those obtained from the alternative procedures performed during the Covid-19 outbreak, as required by ISA 230.

**Physical inventory counting**

ISA 501 requires the auditor to attend physical inventory counting in order to obtain sufficient appropriate audit evidence regarding the existence and condition of inventory if the inventory is material to the financial statements\(^2\).

If the auditor is unable to attend physical inventory counting during the movement control period, the auditor should consider making or observing some physical counts on an alternative date and perform audit procedures on intervening transactions\(^3\).

In the event that the attendance at physical inventory counting is impracticable (for instance, inventory is held in a location that may pose threats to the safety of the auditor), the auditor should consider performing alternative audit procedures to obtain sufficient appropriate audit evidence regarding the existence and condition of the inventory such as:

- Inspection of documentation of the subsequent sale of specific inventory items acquired or purchased prior to the physical inventory counting;
- Reliance on cyclical counts; or
- Obtaining direct assistance by internal auditors.
If it is not possible to do so, the auditor shall consider the impact on the auditor’s report in accordance with ISA 705 (Revised)[4]. Please also refer to Question 9 for further details.

**Accounting treatment and disclosures in the financial statements by the reporting entity affected by the Covid-19 outbreak**

The audit of a reporting entity affected by the Covid-19 outbreak would, amongst others, entail consideration of the audit of accounting treatment and disclosures in the financial statements based on the applicable financial reporting framework, including considerations of whether the Covid-19 outbreak is an adjusting or non-adjusting event and where applicable, the impact on impairment of assets, write down of inventory to net realisable value, derecognition of deferred tax assets, fair value adjustments, going concern and related disclosures both within and outside the financial statements in accordance with ISA 540 (Revised), ISA 570 (Revised) and ISA 720 (Revised).

ISA 540 (Revised) also requires the auditor to evaluate whether the relevant methods, significant assumptions, source of data and its related disclosures are appropriate in the context of the applicable financial reporting framework[5], in particular, fair value measurement and impairment of assets.

In addition, paragraph 24 of ISA 330 requires the auditor to perform audit procedures to evaluate whether the overall presentation of the financial statements, including the related disclosures, is in accordance with the financial reporting framework. This includes evaluation of appropriateness of the classification of current and non-current assets and liabilities in view of the impact of the Covid-19 outbreak.

**Disclosures of other information included in the annual report**

ISA 720 (Revised) requires the auditor to read and consider the other information included in the annual report because other information that is materially inconsistent with the financial statements or the auditor’s knowledge obtained in the audit may indicate that there is a material misstatement of the financial statements or that a material misstatement of the other information exists, either of which may undermine the credibility of the financial statements and the auditor’s report thereon. Such material misstatements may also inappropriately influence the economic decisions of the users for whom the auditor’s report is prepared.

**Communications with those charged with governance**

ISA 260 (Revised) requires the auditor to communicate with those charged with governance an overview of the planned scope and timing of the audit, which includes communicating about the significant risks identified by the auditor[6].

ISA 260 (Revised) also requires the auditor to communicate with those charged with governance on significant findings from the audit. This includes communication on[7]:

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5/15
Changes in planned scope and timing of the audit based on the revised consideration of assessed risk.

Significant difficulties encountered during the audit.

The auditor’s views about significant qualitative aspects of the entity’s accounting practices, including accounting policies, accounting estimates and financial statement disclosures.

Circumstances that affect the form and content of the auditor’s report.

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Group audits

**Q2 – Does a group auditor need to perform the audit of a component of which the operations are at a location affected by the Covid-19 outbreak?**

Paragraph 26 of ISA 600 states that “for a component that is significant due to its individual financial significance to the group, the group engagement team, or a component auditor on its behalf, shall perform an audit of the financial information of the component using component materiality.”

Paragraph 27 of ISA 600 further states that “for a component that is significant because it is likely to include significant risks of material misstatement of the group financial statements due to its specific nature or circumstances, the group engagement team, or a component auditor on its behalf, shall perform one or more of the following:

- An audit of the financial information of the component using component materiality.
- An audit of one or more account balances, classes of transactions or disclosures relating to the likely significant risks of material misstatement of the group financial statements.
- Specified audit procedures relating to the likely significant risks of material misstatement of the group financial statements.”

Where there exists a limitation of scope on the audit, refer to Question 9 for further details.

**Q3 – What is the nature, timing and extent of the involvement by a group auditor in the work performed by a component auditor?**
Paragraph 30 of ISA 600 states the following:

“If a component auditor performs an audit of the financial information of a significant component, the group engagement team shall be involved in the component auditor’s risk assessment to identify significant risks of material misstatement of the group financial statements. The nature, timing and extent of this involvement are affected by the group engagement team’s understanding of the component auditor, but at a minimum shall include:

- Discussing with the component auditor or component management those of the component’s business activities that are significant to the group;
- Discussing with the component auditor the susceptibility of the component to material misstatement of the financial information due to fraud or error; and
- Reviewing the component auditor’s documentation of identified significant risks of material misstatement of the group financial statements. Such documentation may take the form of a memorandum that reflects the component auditor’s conclusion with regard to the identified significant risks.”

During the review of the component auditor’s audit documentation, according to paragraph A61 of ISA 600, what parts of the audit documentation of the component auditor that will be relevant to the group audit may vary depending on the circumstances. The focus of the group auditor is usually on audit documentation that is relevant to significant risks of material misstatement of the group financial statements. The extent of review may be affected by the fact that the component auditor’s audit documentation has been subjected to the component auditor’s firm’s review procedures.

The assessment of audit risk arising from the impact of Covid-19 outbreak mentioned in Question 1 above including the risk of fraud may also apply here to the extent that the audit risks arising from the component impact the group financial statements.

**Q4 – What is the expected communication between the group auditor and component auditor?**

Paragraph 42 of ISA 600 states that the group engagement team shall evaluate the component auditor’s communication (see paragraph 41 below) and that the group engagement team shall:

- Discuss significant matters arising from that evaluation with the component auditor, component management or group management, as appropriate; and
- Determine whether it is necessary to review other relevant parts of the component auditor’s audit documentation (refer to paragraph A61 of ISA 600).

In practice, group audit communication is often performed in writing through letters and/or e-mails. Subsequent face-to-face meetings or conference calls could be performed to follow-up on instructions and clarify any matters or issues faced by the component auditors. With the advent of technology and telecommunication speed, the
use of video conferencing and other use of technology including document collaboration could be a more effective communication and media for information exchange.

Paragraph 41 of ISA 600 states the following:

“The group engagement team shall request the component auditor to communicate matters relevant to the group engagement team’s conclusion with regard to the group audit. Such communication shall include:

- Whether the component auditor has complied with ethical requirements that are relevant to the group audit, including independence and professional competence;
- Whether the component auditor has complied with the group engagement team’s requirements;
- Identification of the financial information of the component on which the component auditor is reporting;
- Information on instances of non-compliance with laws or regulations that could give rise to a material misstatement of the group financial statements;
- A list of uncorrected misstatements of the financial information of the component (the list need not include misstatements that are below the threshold for clearly trivial misstatements communicated by the group engagement team);
- Indicators of possible management bias;
- Description of any identified significant deficiencies in internal control at the component level;
- Other significant matters that the component auditor communicated or expects to communicate to those charged with governance of the component, including fraud or suspected fraud involving component management, employees who have significant roles in internal control at the component level or others where the fraud resulted in a material misstatement of the financial information of the component;
- Any other matters that may be relevant to the group audit, or that the component auditor wishes to draw to the attention of the group engagement team, including exceptions noted in the written representations that the component auditor requested from component management; and
- The component auditor’s overall findings, conclusions or opinion.”

The group auditor should also consider the impact of going concern (in Question 7) and subsequent events (in Question 8) of the component on the group audit.

**Q5 – What are the ways for a group auditor to review the work performed by a component auditor during the Covid-19 outbreak?**

Under normal circumstances, the group auditor may visit the component auditor to discuss identified significant risks or review relevant parts of the component auditor's audit documentation[9].

As the Covid-19 outbreak has resulted in audit firms restricting their employees from
The group auditor should consider the implications of these travel restrictions on their work in evaluating and reviewing the work of the component auditor. In accordance with ISA 230, an audit file includes one or more folders or other storage media, in physical or electronic form, containing the records that comprise the audit documentation for a specific engagement.

The group auditor may consider whether alternative procedures can be put in place allowing them to demonstrate their review and evaluation of the component auditor’s work and hence to meet the requirements of ISA 600.

For example, the group auditors may:

- Request the component auditors to grant access to the former in reviewing those files remotely if the files of component auditors are in electronic form.
- Request the component auditors to send a copy of those files for the group auditors to review.
- Request the component auditors to discuss the work with the component auditor via video conferencing.
- Request the component auditors to complete a detailed questionnaire.
- Request management to provide information directly to the group auditor to allow for testing, if the finance systems are integrated at the head quarter.
- Request the component auditors to provide a detailed reporting memorandum that includes significant risks of material misstatement and indicators of possible management bias on significant estimates and judgements.

Q6 – What is the responsibility of the group auditor in relation to the work performed by the component auditor?

Paragraph 44 of ISA 600 states that “the auditor is required to obtain sufficient appropriate audit evidence to reduce audit risk to an acceptably low level and thereby enable the auditor to draw reasonable conclusions on which to base the auditor’s opinion. The group engagement team shall evaluate whether sufficient appropriate audit evidence has been obtained from the audit procedures performed on the consolidation process and the work performed by the group engagement team and the component auditors on the financial information of the components, on which to base the group audit opinion.”

Paragraph A62 of ISA 600 has the following application guidance:

“If the group engagement team concludes that sufficient appropriate audit evidence on which to base the group audit opinion has not been obtained, the group engagement team may request the component auditor to perform additional procedures. If this is not feasible, the group engagement team may perform its own procedures on the financial information of the component”.

Going concern
Q7 – What is the impact of the Covid-19 outbreak on the auditor in evaluating management’s assessment of the entity’s ability to continue as a going concern?

The auditor’s responsibility in relation to going concern is to evaluate and conclude on the appropriateness of management’s use of the going concern basis of accounting in the preparation of the financial statements and to conclude whether a material uncertainty related to going concern exists[10].

In evaluating management’s assessment of the entity’s ability to continue as a going concern, the auditor shall cover the same period as that used by management to make its assessment as required by the applicable financial reporting framework and the auditor shall ensure that management’s assessment period covers at least twelve months[11].

Paragraph 11 of ISA 570 (Revised) states that “the auditor shall remain alert throughout the audit for audit evidence of events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern.”

Paragraph A7 of ISA 570 (Revised) provides application guidance as follows:

“ISA 315 (Revised) requires the auditor to revise the auditor’s risk assessment and modify the further planned audit procedures accordingly when additional audit evidence is obtained during the course of the audit that affects the auditor’s assessment of risk. If events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern are identified after the auditor’s risk assessments are made, in addition to performing the procedures in paragraph 16, the auditor’s assessment of the risks of material misstatement may need to be revised. The existence of such events or conditions may also affect the nature, timing and extent of the auditor’s further procedures in response to the assessed risks. ISA 330 establishes requirements and provides guidance on this issue.”

The Covid-19 outbreak has varying degrees of financial and operating impact within various industries.

Examples of events or conditions that, individually or collectively, may cast significant doubt on the reporting entity’s ability to continue as a going concern are included in paragraph A3 of the ISA 570 (Revised).

In this regard, the auditor shall perform the following procedures[12] and take into account the impact of the Covid-19 outbreak:

- To determine whether management has already performed a preliminary assessment of the entity’s ability to continue as a going concern. The auditor shall also evaluate management’s plans for future actions in relation to its identified going concern issues. If the management has not yet performed an assessment of the entity’s ability to continue as a going concern, the auditor shall request management to make its assessment.
• To consider whether any additional facts or information (considering that the development on the Covid-19 outbreak is updated on a daily basis) have become available since the date on which management made its assessment.
• To evaluate the reliability of the underlying data generated and assumptions used in preparing the cash flow forecast (refer to ISA 540 (Revised) for further details).
• To request written representations from management and, where appropriate, those charged with governance, regarding their plans for future actions and the feasibility of these plans (refer to ISA 580 for further details).

In situations where the going concern basis is still appropriate but a material uncertainty exists, please refer to Question 11 for further details. On the other hand, in situations where the use of the going concern basis is no longer appropriate, please refer to Question 12 for further details.

Where the management is unwilling to make or extend its assessment when requested to do so by the auditor, the auditor shall consider the implication for the auditor’s report[13]. Please refer to Question 9 for further details.

Subsequent events

Q8 – What is the expected work by auditors on subsequent events affected by the Covid-19 outbreak?

ISA 560 requires the auditor to determine whether events occurring between the date of authorisation of the financial statements and the date of the auditor’s report are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework.

Auditors are expected to inquire from management and, where appropriate, those charged with governance, on the impact of the Covid-19 outbreak on the financial statements[14] including but not limited to discussion on resilience of the business and cash position and whether there are any unutilised facilities.

The auditor shall also obtain sufficient appropriate audit evidence for subsequent events that require adjustment of, or disclosure in, the financial statements[15].

Inquiries by the auditor could include, for instance[16]:

• Whether new commitments, borrowings or guarantees have been entered into.
• Whether sales or acquisitions of assets have occurred or are planned.
• Whether there have been increases in capital or issuance of debt instruments, such as the issue of new shares or debentures, or an agreement to merge or liquidate has been made or is planned.
• Whether there have been any developments regarding contingencies.
• Whether any events have occurred or are likely to occur that will bring into question the appropriateness of accounting policies used in the financial statements, as would be the case, for example, if such events call into question the validity of the going concern assumption.
• Whether any events have occurred that are relevant to the measurement of estimates or provisions made in the financial statements.
• Whether any events have occurred that are relevant to the recoverability of assets.

When the volatility and uncertainty of events subsequent to a financial year end are so significant and pervasive that subsequent event procedures are not able to be performed satisfactorily, a limitation of scope on the audit exists. Please refer to Question 9 for consideration of the audit opinion under these circumstances.

**Auditor’s report**

**Q9 – What is the impact on the auditor's report pertaining to the inability to obtain sufficient appropriate audit evidence?**

The auditor should consider a modification of the audit opinion in accordance with the following paragraphs in ISA 705 (Revised):

- Paragraph 7(b) – The auditor shall express a qualified opinion when the auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, but the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be material but not pervasive.
- Paragraph 9 – The auditor shall disclaim an opinion when the auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, and the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be both material and pervasive.

Where the auditor disclaims an opinion on the financial statements, the auditor’s report shall not include a Key Audit Matters section in accordance with ISA 701 or an Other Information section in accordance with ISA 720 (Revised)[17].

Where the auditor modifies the opinion on the financial statements, the auditor shall, in addition to the specific elements required by ISA 700 (Revised)[18]:

- Amend the heading “Basis for Opinion” required by paragraph 28 of ISA 700 (Revised) to “Basis for Qualified Opinion,” “Basis for Adverse Opinion,” or “Basis for Disclaimer of Opinion,” as appropriate; and
- Within this section, include a description of the matter giving rise to the modification.

**Q10 – What is the impact on the auditor's report pertaining to the omission or inadequacy of disclosure or a misstatement in amount, classification or presentation in the financial statements arising from the impact of the Covid-19**
outbreak?

Misstatements also include those adjustments of amounts, classifications, presentation, or disclosures that, in the auditor’s judgement, are necessary for the financial statements to be presented fairly, in all material respects, or to give a true and fair view.

The auditor should consider a modification of the audit opinion in accordance with the following paragraphs in ISA 705 (Revised):

- Paragraph 7(a) – The auditor shall express a qualified opinion when the auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are material, but not pervasive, to the financial statements.
- Paragraph 8 – The auditor shall express an adverse opinion when the auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are both material and pervasive to the financial statements.

Please refer to Question 9 on the requirements under “Basis for Opinion” for further details.

Q11 – What is the impact on the auditor’s report pertaining to the existence of a material uncertainty related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern?

Where there is a material uncertainty related to events or conditions that may cast significant doubt on the reporting entity’s ability to continue as a going concern, there are two scenarios as set out below:

- Where there is adequate disclosure about the material uncertainty is made in the financial statements, the auditor shall express an unmodified opinion and the auditor’s report shall include a separate section under the heading “Material Uncertainty Related to Going Concern”[19].
- Where adequate disclosure about the material uncertainty is not made in the financial statements, the auditor shall express a qualified opinion or adverse opinion, as appropriate, in accordance with ISA 705 (Revised)[20].

Q12 – What is the impact on the auditor’s report pertaining to the inappropriate use of the going concern basis of accounting?

Where the financial statements have been prepared using the going concern basis of accounting but, in the auditor’s judgement, management’s use of the going concern basis of accounting in the preparation of the financial statements is inappropriate, the auditor shall express an adverse opinion[21].

Q13 – Should an Emphasis of Matter paragraph be included in the audit report in relation to the Covid-19 outbreak?
Paragraph 8 of ISA 706 (Revised) states that “if the auditor considers it necessary to draw users’ attention to a matter presented or disclosed in the financial statements that, in the auditor’s judgement, is of such importance that it is fundamental to users’ understanding of the financial statements, the auditor shall include an Emphasis of Matter paragraph in the auditor’s report provided:

- The auditor would not be required to modify the opinion in accordance with ISA 705 (Revised) as a result of the matter; and
- When ISA 701 applies, the matter has not been determined to be a key audit matter to be communicated in the auditor’s report”.

Where no key audit matter is disclosed relating to the Covid-19 outbreak, the auditor may consider it necessary to include an Emphasis of Matter paragraph in accordance with ISA 706 (Revised) if the Covid-19 outbreak has had, or continues to have, a significant effect on the reporting entity’s financial position[22].

[1] ISA 320, paragraph 12
[2] ISA 501, paragraph 4
[3] ISA 501, paragraph 6
[4] ISA 501, paragraph 7
[5] ISA 540 (Revised), paragraphs 28 – 29
[6] ISA 260 (Revised), paragraph 15
[7] ISA 260 (Revised), paragraph 16
[8] ISA 260 (Revised), paragraph A26
[9] ISA 600, paragraph A58
[10] ISA 570 (Revised), paragraphs 17 to 18
[11] ISA 570 (Revised), paragraph 13
[12] ISA 570 (Revised), paragraph 16
[13] ISA 570 (Revised), paragraph 24
[14] ISA 560, paragraph 7(b)
[15] ISA 560, paragraph 6
[16] ISA 560, paragraph A9
[17] ISA 705 (Revised), paragraph 29
[18] ISA 705 (Revised), paragraph 20
[19] ISA 570 (Revised), paragraph 22
[20] ISA 570 (Revised), paragraph 23
[21] ISA 570 (Revised), paragraph 21
[22] ISA 706 (Revised), paragraph A5

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Digital Talent a Must to Surmount Covid-19 Crisis

By Anis Ramli

“Digitalisation is more urgent than ever in this era of Covid-19 which is a compelling reason for all of us to sit up and fast track our digital transformation at all levels.”

Dato’ Hamidah Naziadin, Group Chief People Officer, CIMB

Covid-19 is not just a pandemic and therefore a social and economic emergency, but it is undoubtedly a gamechanger.

In response to all the preventive measures that governments across the regions have put in place to battle Covid-19, most of us are now working from home via digital devices and conferencing apps. School-going kids are also attending online lessons. “There has been a massive “digital intrusion” into not only our work life but our personal life, from how we do marketing to how we order our meals,” said Dato’ Hamidah Naziadin, Group Chief People Officer, CIMB. Businesses that are a step ahead in digital transformation may fare better than those who are less ready. Countries that are digitally advanced, such as South Korea, were able to use innovative technology and AI to fight Covid-19 and flatten the curve.

This is an unprecedented challenge all of us are currently facing. “If there is one critical lesson that has been brought to the fore in the face of this global Covid-19 pandemic, it is the urgency of digitalisation with a compelling reason for all of us to sit up and fast track our digital transformation at all levels,” stressed Dato’ Hamidah.

Speaking at MIA’s Corporate Board Leadership Symposium 2020 on appropriately, digital talent, Dato’ Hamidah emphasised that digital talent is critical to supporting organisations’ global and regional competitiveness in a world increasingly reliant on technology. As stewards of talent, how can corporate leaders craft the most effective
and compelling strategies for harnessing and developing digital talent who can drive a culture of high performance, innovation and sustainability? Especially now, in the era of Covid-19 which is testing business continuity planning and business sustainability strategies to the max.

Whether at the office or now, working from home, the key is to create the right corporate and/or virtual environment that compels the vision of a future digitalised workplace or, as Dato’ Hamidah put it, “the smell of the place”. In order for the staff to thrive, it is that ‘smell’ you need to have at the workplace. “In this new landscape, employees must walk into an environment that smells of innovation and empowerment, that harnesses agility and allows them to test their creativity. That will create and cultivate a positive digital culture at the workplace.”

Other key points include:

1. **Tweaking Branding and Hiring Practices**

   Re-think hiring strategies. Companies wanting to attract and retain digital talent need to refresh and tweak their branding strategy. “For us, we needed to (do this) to make working in a bank sexy for the millennials who’d prefer to work with companies like Google or start-ups,” said Dato’ Hamidah. Offering alternative modes of employment such as gig work, part time and freelance can attract more talents apart from making an organisation stand out and look more attractive to future hires.

2. **Moving Beyond Traditional Talent Pools**

   Create diversity in your workforce that goes beyond gender, ethnicity and race. Digital talent is not limited to IT graduates. Companies that hire across a diverse field of studies (not just IT) can leverage on a wider talent pool with varying experiences, views and perspectives. This ultimately will drive innovation and results. “We look to engineering and geography graduates for example. We hire them for their experiences and how they work, collaborate and work with the team,” explained Dato’ Hamidah. The cognitive diversity helps progress digital maturity when ideas are generated from varied backgrounds.

3. **Investing in Learning and Development**
Make learning and development a huge part of the company brand. This is necessary to keep skills up-to-date and relevant, both for existing staff and new hires. Learning that is accessible, experiential and goes beyond the classroom nurtures a culture that breeds digital talent. When employees are agile and are empowered to constantly renew themselves, it allows for faster digital transformation to happen at the workplace.

4. Re-evaluating the Appraisal Process

Appraise digital talents differently. Traditionally, companies do a one-year appraisal and debate about work performed in the past. One of the key factors in making an organisation attractive to millennials is by having more frequent and forward-looking conversations. Regular check-ins and instantaneous feedback provide digital talents with an exhilarating space to feel empowered and to make a difference in the organisation.

5. Encouraging Collaboration

Collaboration and partnerships harness the energy for innovation. Sharing lessons learnt and insights can drive leadership programmes, thinking labs and growth of ideas that is paramount to an effective digital culture. Not only that, working cross-functionally adds to a group’s cohesion to create an inclusive workplace that digital talents value.

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Prime Minister Tan Sri Muhyiddin Yassin has announced a follow-up Economic Stimulus Package (ESP) of RM250 billion to cushion the impact of the Covid-19 outbreak and ensure that Malaysia’s people, businesses and the overall economy are protected and more resilient.

Under the ESP, RM128 billion is allocated for the people’s welfare, RM100 billion is apportioned to support businesses and SMEs, and RM2 billion is provided to strengthen the economy. This is in addition to the RM20 billion 2020 Economic Stimulus Package (ESP) announced on 27 February 2020 under the theme “Bolstering Confidence, Stimulating Growth & Protecting Jobs”.

While there are numerous measures aimed at ensuring that “nobody is left behind”, the following are the pertinent highlights of ESP 2.0 for MIA members:

- Employee Provident Fund (EPF) will provide consultation services for employers beginning 15 April 2020, including the options of payment deferment, restructuring and rescheduling of employers’ contributions. This will ensure cash flow savings of RM10 billion for employers and benefit 480,000 Small and Medium Enterprises (SMEs) and companies while saving more than eight million jobs.
- The Government will also introduce a wage subsidy of RM600 a month for three months for employers with a 50% drop in business since 1 Jan 2020, for workers with a salary of below RM4,000.
- Eligible employers must comply with the stipulated terms and conditions.
- Human Resource Development Fund (HRDF) levy to be exempted for all sectors for six months starting April 2020. Although HRDF may not be applicable to the Public Practice sector, the levy exemption will generally benefit other business sectors.
• Deferment of income tax instalment payment for SMEs for three months starting 1 April 2020.
• The Government and Bank Negara Malaysia will provide an additional allocation of RM4.5 billion for SMEs and micro entrepreneurs subject to the guidelines issued by the respective authorities.
• The Government, together with telecommunication companies, will provide free internet data usage to their respective customers throughout the Movement Control Order (MCO) period beginning April 1.

Please click HERE for the detailed Speech

The Institute hopes that the ESP measures will boost the morale of our members, and that member firms in particular will benefit from the concessions that are aimed at saving business and jobs.

We will continue to closely monitor the situation, maintain close communication with the Government, regulators and our stakeholders, and will notify members of any future developments.

In the interim, MIA hopes that everyone will stay safe and comply with the extended Movement Control Order and all rules and regulations for our mutual benefit.

Dr Nurmazilah Dato’ Mahzan

Chief Executive Officer

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Harnessing Technology During and After the MCO Period

By Nazatul Izma

Human ingenuity works best when pushed to the limits. During this time of the Movement Control Order (MCO), our bodies might be confined to home, but our minds are unshackled and free to roam. MIA polled five members of the Digital Technology Implementation Committee (DTIC) and its working groups to find out how their organisations are using technology to achieve the holy grail of business continuity.

Thanks to Ang Mei Ping, Managing Partner, Ang & Co; Alain Boey, DTIC Working Group Member; Assoc. Prof. Dr. Noor Ismawati Jaafar, Deputy Dean (Research and Development), Faculty of Business and Accountancy, University of Malaya (UM); Steven Chong, Managing Partner, UHY; and Vincent Lee Hong Fay, Chief Executive Officer, Wavelet Solutions Sdn Bhd / BigLedger Sdn Bhd for sharing their insights and solutions.

Business Continuity Planning – This was top priority as most businesses were caught flatfooted by the short deadline. The MCO was announced on 16 March 2020 and implemented on 18 March 2020, so companies had to make sure the basic infrastructure was in place for employees to work from home.

“The unavailability of a Business Continuity Plan (BCP) caused everyone to be confused and lost during the first few days of the MCO where staff and students’ normal activities could not be carried out,” explained Prof. Dr. Noor.

“This is the first time that the company is going into a full BCP mode. However, this time the BCP is longer than our usual practice. This also allows us to test the entire BCP effectively,” explained Alain. His organisation is operationally prepared and will “manage accordingly” as it has implemented Virtual Office and business is as usual thanks to technology, although productivity will drop slightly due to the unprecedented
and prolonged MCO.

Software house Wavelet was already planning to work from home even before the government’s announcement, with the intention to split every department into two to three teams for business continuity reasons.

**Cash is King** – Many of MIA’s members and stakeholders are contending with a liquidity crunch due to the MCO, and this is one of the largest hazards to business continuity. “Primarily, the challenges are coming from the cash flow perspective, not so much from our own cash flow perspective as a software house (but externally). Our customers are retailers, and they are the ones being hit the hardest, having to close their shops entirely,” explained Vincent. Likewise, Steven also mentioned the challenge of “ensuring collections to maintain cash flow requirements.”

**Lack of Information** – Fumbling in the dark and lacking clarity make it difficult for businesses and companies to navigate through the MCO landscape. Steven singled out “the lack of a central resource for updated information relating to latest government policies affecting the firm, and lack of central technical resources on technical implications of the MCO on audits, advisory, and tax professional work.” However, MIA was quick to set up dedicated MCO resources in addition to continually monitoring MCO developments and keeping members informed through various channels. Technical and non-technical materials on the MCO and post-MCO are being added regularly to e-AT, the Institute’s online knowledge portal. These are being used not just in Malaysia, but by other regional and global PAOs including the ASEAN Federation of Accountants (AFA).

**Pivot to Technology** – This is essential to ensure that business could continue to operate remotely while trying to minimise disruption. “It’s great to see many businesses adapting very quickly by leveraging on technologies to continue operating during the MCO,” said Ang.

However, Ang also found that while businesses are starting to pivot to technology, there are still many challenges for some industries to operate as usual due to external circumstances. “One of our challenges is that not all our clients are fully operating and
responsive during this period.”

**Technology Solutions** – Most of the respondents mentioned using assorted tools (e.g. Telegram groups, e-mail, WhatsApp, Google Meet (Hangout or Stream), Google Drive, Office 365, and Microsoft Teams) to support connectivity, communication and virtual collaboration and remote meetings.

Wavelet as a software house is ahead of the curve, and presents a practical role model for local business technology adoption. All its internal systems are nearly 100% paperless and documents requiring signatures use online tool DocuSign. Business processes are all online, using Jira Software. All office productivity tools use Google Suite, which is fully web-based. All accounting software and payroll software are cloud-based, accessible anywhere, anytime. All internal training programmes use online e-learning software called the Thinkific, and all performance appraisals, score cards, HR interviews, recruitments are already being done online, explained Vincent.

Other than using Zoom for online lectures and tutorials, UM uses a moodle-based learning management system called Spectrum to interact, upload materials and assess the students as well as online staff e-services and e-procurement available on UMPortal.

Companies that use cloud-based data storage system and software such as Ang & Co are able to access information needed to work remotely. Alain’s organisation also emphasises on cloud solutions and all-access to internal systems for its staff, in addition to seamless mobility solutions and technologies on mobile and notebook. “We try to minimise printing as not everyone has access to printers at home,” added Alain.

UHY immediately set up VPN (virtual private networks) for departments that require access to systems that are tied to the internal network only (i.e. not accessible from off-site by default). The firm also immediately implemented DingTalk, a chat + time clocking in / out system from Alibaba which comes with the entire firm’s contact directory already built in and enabled immediate adoption for text chat, video & voice calls. “The clock in / out function lets staff members working from home use the app to ‘report to duty’,” said Steven.

On the downside, poor Internet is a tangible barrier, especially for disadvantaged students from B40 households and rural areas. Much has to be done to ensure digital democratisation and equal access to Internet and technologies, which MIA is advocating through its Digital Technology Blueprint and ongoing digital transformation efforts. “Poor Internet connectivity on campus affects our initiatives to switch from the
offline (physical) to the online mode of working. In addition, the majority of our students from B40 households are reportedly unable to get Internet access from their hometowns and thus unable to participate in online learning,” reported Prof. Dr. Noor.

**Engaging Employees** – Maintaining the motivation and productivity of staff members while working from home is a major challenge. Communication and trust are vital, as superiors have to monitor their subordinates remotely. Across the board, all rely on constant communication and regular updates from management to staff to keep spirits up and things moving, as well as assigning targets and monitoring of these assignments and KPIs on a regular basis.

It is also important to ensure that HR and management continually update staff on the progress of the MCO and remind them of the SOP and culture of working from home (WFH). Apart from ensuring that all staff have the necessary mobility devices and applications, IT departments and personnel must be prepared to trouble-shoot any problems that arise and hamper productivity while WFH.

Continuous support and encouragement to the team is key to keeping the team morale up during this challenging time. “We always start our team virtual meetings by asking how everyone is coping personally before our work updates. Our management team also provides extra care for people who need more support during this MCO period,” stressed Ang.

Other than supporting internal stakeholders, companies must remember to engage with external stakeholders. Businesses need to be contactable during office hours. At Wavelet, all departments set up a Google Meet channel, similar to a virtual office where every staff member will login to the channel and is available during office hours.

To support business continuity, thinking ahead is an imperative. “We set targets for all our staff three months in advance, hence, everyone already knows what they need to deliver. Discussions are mainly on setting targets ahead of time; some of the team members already know what they need to deliver one year in advance,” explained Vincent.

**Continuing Use of Technology Going Forward** – Discounting the fact that the five are all biased in favour of technology, being members of MIA’s DTIC, all concluded that they would continue to support the use of more technologies post-MCO and COVID-19 because it is more efficient and productive.
“Technology plays a huge role in achieving better communications and work efficiency. It would be best to make the most use of it,” said Ang.

Other than faster communication and two-way feedback, Prof. Dr. Noor said that technology has enabled faster and even instantaneous decision-making and reduced physical paper use and documentation for normal processes such as claims and research progress reports updates. Win-win.

Other than being a giant experiment for remote working, the MCO is also a gigantic stress test for business to see who is resilient, and who isn’t. “This MCO has really tested our BCP,” admitted Alain. At the same time, his organisation has seen some benefits arising from WFH that will reshape work and organisational culture in future. “Based on the feedback from the employees, most are happy working from home despite being busier in the house. There are also some who prefer to work from home. This is all good feedback which I believe will change the way we work after this.”

**Preparing for the Next Normal** – Companies cannot just manage throughout the MCO, but need to prepare and pivot for life and work post-MCO.

Tone from the top is key to building resilience, and leadership needs to be firm, prescient and reassuring to instil confidence in their teams and stakeholders. “The accounting firm’s leadership team and team leaders of respective service lines need to constantly engage with team members via video calls, memos, introduction and communication of policies that support the latest-MCO related announcements, including designing and communicating post-MCO policies too,” recommended Steven.

To prepare UHY staff, UHY had recently circulated a memo to advise staff members on the arrangement for WFH & office work post-MCO. “For instance, team leaders have to come up with duty rosters for staff to rotate their visits to the office, to reduce the number of staff going to office. Hence, WFH policies have to be maintained post-MCO too,” to accommodate social distancing and stringent health and safety conditions set by the government and health experts.

*This article is one of MIA’s numerous initiatives to provide insights and guidance for members in dealing with COVID-19. For more resources, please visit MIA’s COVID-19 Resource page here.*

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By Rafidah Mohd Noor

On 27 February 2020, the government announced the 2020 Economic Stimulus Package (ESP) under the theme “Bolstering Confidence, Stimulating Growth & Protecting Jobs”. A sum of RM20 billion has been allotted for mitigating the impact of Covid-19, spurring “rakyat”-centric economic growth and promoting quality investments.

The ESP sets out three strategies to assist businesses dealing with the impact of the Covid-19 pandemic:

- Mitigating the impact of Covid-19;
- Spurring “rakyat”-centric economic growth; and
- Promoting quality investments.

Tax measures and non-tax measures have been introduced under each of the strategies as follow:

**Mitigating the Impact of Covid-19**
<table>
<thead>
<tr>
<th>TAX MEASURES</th>
<th>NON-TAX MEASURES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tourism industry</strong></td>
<td><strong>Spurring “rakyat”-centric economic growth</strong></td>
</tr>
<tr>
<td>Deterrment of monthly income tax instalment payments for 6 months from 1 April 2020 to 30 September 2020.</td>
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</tr>
<tr>
<td>6% service tax on hotasts as prescribed under Group A, First Schedule of the Service Tax Regulations 2018 will be exempted with effect from 1 March 2020 to 30 August 2020.</td>
<td>15% discount on monthly electricity bills to hotels, travel agencies, airlines, shopping malls, conferences and exhibition centres.</td>
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<tr>
<td>Exemption of Human Resource Development Fund (HRDF) levies for hotels and travel related companies.</td>
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<tr>
<td><strong>Affected companies</strong></td>
<td></td>
</tr>
<tr>
<td>Allowance to revise the estimate of tax payable in the 3rd instalment payment if the 3rd instalment payment falls in year 2020.</td>
<td>Special relief facility of RM2 billion in the form of working capital will be provided by Bank Negara Malaysia to SMEs at an interest rate of 3.75%.</td>
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<tr>
<td>RM200 million micro-credit scheme will be allocated by Bank Simpanan Nasional to the affected businesses at an interest rate of 4%. Repayment of instalments only begins after 6 months of disbursement of the loan.</td>
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<tr>
<td>The approval process for existing loan funds will be further streamlined such as the Tourism Infrastructure Fund of RM15 billion from Bank Pembangunan.</td>
<td></td>
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<tr>
<td>100% exemption on stamp duty will be given on loan agreements arising from restructuring and rescheduling of business loans between borrowers and banks.</td>
<td>Financial relief in the form of a payment moratorium covering restructuring and rescheduling loans for the affected businesses will be introduced by all banks.</td>
</tr>
<tr>
<td>The effective date is 1 March 2020 to 31 December 2020.</td>
<td>The government urges hotels to offer discounts and shopping malls to reduce rents of tenants in overcoming the challenges of the Covid-19 outbreak.</td>
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<tr>
<td>Rebates on rental for premises, landing and parking charges at the airport will be provided by Malaysia Airports Holdings Berhad.</td>
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<tr>
<td><strong>Affected individuals</strong></td>
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<tr>
<td>Financial relief in the form of a payment moratorium involving the restructuring and rescheduling of loans for the affected individuals will be introduced by all banks.</td>
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<tr>
<td>A one-off payment of RM600 to taxi drivers, tourist bus drivers, tourist guides and trishaw riders will be made in April 2020.</td>
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<tr>
<td>A special monthly critical allowance of RM400 for medical doctors and other medical personnel, and RM200 for immigration and related front-line staff from 1 February 2020 to the end of the pandemic.</td>
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<td><strong>Human Capital Development</strong></td>
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<tr>
<td>Double deduction on expenses incurred on approved tourism-related training.</td>
<td>A matching grant of RM100 million to HRDF for funding an additional 40,000 employees from the tourism and other affected sectors.</td>
</tr>
<tr>
<td>A matching grant of RM100 million to HRDF for funding an additional 40,000 employees from the tourism and other affected sectors.</td>
<td>RM50 million to subsidise short courses in digital skills and highly skilled courses.</td>
</tr>
<tr>
<td>Increase of claimable training costs to RM6,000 for the affected sectors under the Employment Insurance System (EIS). EIS will also provide a daily training allowance of RM30 per day to trainees.</td>
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<tr>
<td><strong>Stimulation of tourism sector</strong></td>
<td></td>
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<tr>
<td>Personal tax relief of up to RM1,000 on approved expenditure incurred from 1 March 2020 to 31 August 2020 related to domestic tourism.</td>
<td>Digital vouchers of RM100 per Malaysian for domestic tourism expenses on flights, rails and hotel accommodations.</td>
</tr>
<tr>
<td>Additional “Galaikan Melanoong Malaysia- GAMELAN” matching grant amounting to RM500 million will also be provided by the government for tourism promotion.</td>
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<td>Relaxation of existing guidelines which limit the use of hotels by government agencies.</td>
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</table>
**TAX MEASURES**

**Assistance provided to “rakyat” in boosting local consumption growth**

- The minimum contribution rate by employees to the Employees Provident Fund to be reduced to 7% effective from 1 April 2020 to 31 December 2020.
- Payment of RM250 to all “Bantuan Sara Hidup” (BSH) recipients to be made in March 2020.
- Additional RM100 one-off payment to be made to bank accounts of all BSH recipients in May 2020.
- e-Tunai of RM50 will also be channelled to BSH recipients.

**Enhancing the income of “rakyat” and reducing cost of living.**

- RM1 billion for Agrofood facility to be provided by Bank Negara Malaysia (BNM) at an interest cost of 3.75% to promote food production activities to meet domestic and export demand.
- RM10 million allocation to FAMA to provide food storage facilities to help reduce food prices.
- RM1,000 to RM10,000 grants to local entrepreneurs to promote sales of their products on e-commerce platforms.
- RM26 million to MDEC for “Perkhidmatan e-Dagang Siteman” (PeDAS) programme to transform Pusat Internet Desa into e-commerce hubs.

**Rural stimulus**

- Additional RM2 billion for the immediate implementation of small infrastructure repair and upgrading projects especially in rural areas. This would be in partnership with State Governments, Local Authorities, NGOs and local communities.
- Additional RM2 billion for the immediate implementation of small infrastructure repair and upgrading projects especially in rural areas. This would be in partnership with State Governments, Local Authorities, NGOs and local communities.
- Special relaxation to financial procedures for the year 2020 by Ministry of Finance are as follows:
  - Increase in procurement threshold value for bidding to RM100,000 and for quotations to RM800,000
  - Sufficient allocations to the respective implementing agencies by the 1st quarter of 2020 and
  - Ensure the compliance to the procurement schedule to ensure projects are taken on a timely basis.

**Promoting quality investments**

**TAX MEASURES**

**Sustaining public investments**

- Open bids for quote of 1,400MW for solar power generation by the Ministry of Science, Technology & Innovation. This is expected to involve RM5 billion of private investments and generate 25,000 jobs.
- Up to RM3 billion on works related to the National Fibreisation and Connectivity Plan to be implemented by the Malaysian Communications and Multimedia Commission.
- RM13 billion to be invested by Tenaga Nasional Berhad in 2020 to accelerate projects such as LED street lights, transmission lines and rooftop solar installations.

**Promoting higher value-added private sector investments**

- Accelerated capital allowances at the rates of 20% (initial) and 40% (annual) on qualifying expenditure for machinery, equipment and ICT equipment incurred from 1 March 2020 to 31 December 2020.
- RM500 million to be co-invested by the government and matched by private investors on a ratio of at least 1 to 3, for a total funds amount of RM2 billion for investment in early-stage and growth-stage Malaysian companies.
- Tax deduction of up to RM300,000 on renovation and refurbishment cost incurred from 1 March 2020 to 31 December 2020.
- Listing fees to be waived by the Securities Commission and Bursa Malaysia for one year to companies seeking listing on the LEAP or ACE markets.
- The same also applies to companies with market capitalisation of less than RM500 million seeking listing on the Main Market.
- Import duty and sales tax exemption on importation or local purchase of machinery and equipment used in operations of the Ports for 3 years from 1 April 2020 to 31 March 2023.
- RM500 million SME Automation & Digitalisation facility to be provided by BNM at an interest cost of 3.75%.

**Others**
This ESP comprises short, medium and long-term measures to stimulate economic
growth by driving higher private consumption, increasing import substitution with local
products, assisting industries to mitigate the Covid-19 outbreak and safeguarding the
wellbeing of the rakyat. For more information relating to the ESP, please click on this
link:


**Rafidah Mohd Noor** is a Manager of the Financial Reporting & Capital Market
Unit, Professional Practices & Technical.

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How CFOs and Finance Functions Bring Value in the COVID-19 Crisis

Across the board, businesses in Malaysia are reeling as the economy falters. Bank Negara Malaysia has projected that Malaysia’s GDP could shrink to between 0.5% and -2% in 2020 due to the impact of the COVID-19 pandemic and the government’s pandemic containment measures, specifically the extended Movement Control Order (MCO).

In times like these, resilience is paramount to ensure business continuity. Business targets and growth take a back seat to survival. As stewards in an organisation, CFOs and the finance function must step up to provide the necessary leadership and partnership to keep businesses afloat in turbulent waters.

On 9 April 2020, MIA held a virtual forum with leading PAIBs to find out how CFOs should be bringing value to their organisations in response to the COVID-19 pandemic, moderated by MIA Professional Practices & Technical (PPT) Executive Director, Simon Tay. MIA thanks the Chairman of the MIA Professional Accountants in Business (PAIB) Committee, Datuk Bazlan Osman and the PAIB Committee Members for sharing their insights.

Below are the key takeaways from the discussion:

**Finance Should Take the Lead** – There was consensus that the finance function needs to pivot from pure accounting and financial reporting to the big picture. CFOs and finance should lead the business in contingency planning and recalibrating business models for the COVID-19 economy.

Dr. Ng Boon Beng said: “This is the time for the finance function to step up and look beyond finance and corporate reporting to assess the business from end-to-end, to rethink their business strategies in the face of temporary and potentially permanent changes in some markets or business models.”
Concurring, Dato’ Merina Abu Tahir said, “Finance must have a view of the bigger organisation and not a finance-centric view. The value that the finance function gives is the overall view and the platform for each respective business unit to manage the business.”

In times of crisis, finance should sound the alarm. “The finance function is the first function that starts thinking, ‘what if things get worse’? They look at what-if scenarios and check on subsidiaries and divisions and how they’re faring – like a temperature check at the start of the crisis,” she explained.

Among the immediate steps and measures that finance must take, said Dato’ Merina, is to review the business continuity plan, revise cash flows, and look at expenditure that enables the business to continue. “We need to find ways to cover the business for crisis and to cover the emergencies that are coming,” for example, emergency spending on digital tools to enable remote working and productivity, while cutting back on expenditure that can be reduced, deferred or cancelled.

**Scenario Setting** – Scenario and forecast setting, both in terms of cash flow and in terms of business, is the key to survival. “In times of crisis, it’s not a forecast for target setting. The objective now is to take stock of the state of the business and do scenario testing based on various thresholds and trigger points. Based on this forecast, if certain things happen, we know what actions to take,” elaborated Dato’ Merina. Scenario planning driven by finance also sends the message that all business units need to integrate and not operate in silos, she added.

Irene Sin shared how thinking strategically, Sunway REITs’ finance function initiated the company’s high-level scenario setting and business continuity planning. “The finance function started the ball rolling to think about crisis management, assess the impacts in the longer term and have a recovery plan for business turnaround. It is no longer about setting KPIs but the drastic measures that need to be undertaken to survive. Finance focused on high-risk areas and developing more strategies to modify budgets, preserve cash reserves, how to cut or defer costs and stagger payments and to deal with the crisis in a more strategic way,” she said.

Chari TVT emphasised that it is critical for finance to look at pricing associated with products and services and the supply chain when doing scenario planning, in addition to the financial aspects. “Looking at customer profitability, distinguishing profitable and non-profitable customers could help the organisation to preserve cash,” he said. He indicated that telcos track tower-wise profitability to enhance revenue as well as optimise both capital expenditure and operating expenditure.

**Prioritise Business Continuity, Cash is Paramount** – In a crisis, organisations must prioritise business continuity and cash. “During a crisis, it comes down to balance sheet management vs P&L management,” said Wan Ahmad Ikram. “Cash and business continuity are key in a crisis situation as the immediate focus for business survival.”
Dr. Ng made several suggestions for cash flow management. One, review all banking facilities and credit lines and perform stress testing to determine the maximum limit to which these can be pushed. Two, maintain “constant dialogue to convince others to cooperate”, whether negotiating with landlords for waivers of rent for a certain duration, or persuading customers to settle their dues earlier or even in staggered yet timely instalments to help them manage their own cash flow issues.

Do not omit considering the balance sheet when trying to eke out cash for business continuity. Chari TVT advised companies to support cash flows through reducing capex and investments, negotiating for early payment discounts and reduced interest rates, selling inventory at discounts, and even seeking forgiveness for litigation. “This is a good time for cleaning of the balance sheet to unlock cash,” he stressed.

Do look into accessing financing and bridging loans as well as the other arrangements provided under the government’s stimulus to defend business solvency and continuity. As part of the larger financial ecosystem, banks are doing their part to support SMEs and their business continuity by providing moratoriums on loan payments and other financing aid as per the government’s stimulus package, said Khalijah Ismail.

Datuk Bazlan advised affected SMEs lacking resources in finance to engage with firms providing accountancy services. “This will enable SMEs to gain access to the government’s stimulus package measures or the necessary financial advisory to obtain funding assistance from financial institutions.”

**Focus on Stakeholder Engagement** – Keep engaging and communicating with all stakeholders to address their expectations and explain the business challenges to maintain trust and goodwill towards the organisation.

“Explain that business continuity must come first,” advised Datuk Bazlan. “As such, we have to manage shareholders’ expectations regarding dividends.” To protect the supply chain, he urged that suppliers be paid on time or even faster to support them and ensure continuity of supply. Regulators need to be managed as well for continuity of operations, along with engaging with the government and the law agencies. Equally critical is to keep the board of directors (BOD) informed and organise regular BOD meetings to ensure strong tone from the top along with ongoing guidance on strategy, risk management and business continuity planning.

Employees are the lifeblood of a company, and business continuity is contingent on employee wellbeing even as they work remotely. Datuk Bazlan advocates that companies look after the welfare of staff under the B40 and M40 segments and noted that certain organisations have instituted an additional allowance for staff in the B40 category. Where staff have to work onsite, sanitisation and adequate protection measures for the organisations’ premises must be prioritised to protect them from infection risks, he added.
Dedicated customer relations are imperative in difficult times to sustain customer satisfaction and loyalty, especially as new customer acquisition can be costly and challenging. “In a crisis, we have an opportunity to engage customers and to keep them happy,” said Mazhairul Jamaludin, who related that ASTRO provides free channels during the MCO period and grasped the opportunity to extend free Astro Go streaming service to ensure uninterrupted enjoyment of its service and retain customer loyalty.

**Recalibrate Work Culture, Business Models** – While their remit is already expansive, CFOs also need to lead in the area of digitalisation and talent management to sustain productivity during COVID-19, which is fundamental in business continuity. Dr. Shyamala Dhoraisingam suggested that CFOs look into flexible staffing working strategy as well as investments in remote work.

Dr. Shyamala also recommended that companies revisit their values and “reassess the issue of human ethics due to a high rate of loss of jobs due to the lockdown” and also re-evaluate business models as remote work may now encourage automation and innovation.

Dr. Ng concurred that the slowdown necessitates rethinking of strategy and business models and affords valuable time to upskill and future-proof staff through training, mentoring, improving diversity and inclusivity, and fostering the teamwork needed to facilitate remote work.

**Managing the Impacts on Financial Reporting** – The PAIBs raised concerns about the impacts on financial reporting, for example, regarding the application of MFRS 9 and impairment on their financial statements, especially as reporting deadlines approach. “Perhaps notes to the financial statements have to be provided in more detail to explain the provisions that have to be made. It is expedient that some guidance on disclosures be provided to CFOs and corporates to help key stakeholders to understand that we are now operating under extraordinary circumstances,” suggested Datuk Bazlan.

Simon Tay drew attention to the sixth role of the CFO as stated in MIA’s Competency Framework for CFOs, which entails representing the organisation’s strategic goals to external stakeholders. “Financial reporting, being one of the important means of communication to external stakeholders, could be challenging due to the fluidity of the development of the COVID-19 outbreak. Pertinent areas of consideration include whether the COVID-19 outbreak is an adjusting or non-adjusting event, the impact on impairment of assets, write down of inventory to net realisable value, derecognition of deferred tax assets, fair value adjustments, going concern and related disclosures both within and outside the financial statements. Those in the finance function should also engage their auditors early regarding their accounting treatment and disclosures,” he said.
Plan beyond the MCO – As the MCO will end eventually, businesses need to be prepared for life after the MCO. “For the longer term, we need to consider how we stabilise the organisation after we come out of the MCO,” said Dato’ Merina. “We need mindset change – there will be new business going forward. We have to look at the period after COVID-19 and how we survive after,” advised Mazhairul.

Projecting possible scenarios and prospects, Dr.Ng recommended that companies “get ready to accept change in the way that business will be conducted moving forward.” For example, supply chains are being stress tested right now and he predicts new supply models surfacing that deploy more technology, including further disintermediation and the emergence of peer-to-peer supply chains that will see further growth in alternative financing methods and fintech as well as blockchain for security.

“This crisis is a test of our ability to be agile,” emphasised Khalijah. To pass, “CFOs have to take a longer term view beyond six months and think differently and have a dynamic view. As leaders, finance has to adjust our lens. We can’t just rely on existing frameworks because it’s (the future is) totally unknown,” she concluded.

In terms of risk management, Chari warned that when “large amounts of funds are made accessible, they can be misused so controls should be in place, and ethical standards need to be more stringent moving forward.”

Summing up, Simon Tay urged CFOs and finance functions to also refer to MIA’s Competency Frameworks for CFOs and Finance Functions for guidance on how they can contribute to their organisations in a time of crisis and beyond.

Go to:

MIA Competency Framework for CFO in Public Interest Entities

MIA Competency Framework for Finance Function in Public Interest Entities

MIA PAIB Committee Members:

- Datuk Bazlan Osman – MIA Council Member and Chairman of MIA PAIB Committee
- Aznorashiq Mohamed Zin – Director, Corporate Compliance Division, Suruhanjaya Syarikat Malaysia
- Assoc. Prof. Dr Mazlina Mustapha – MIA Council Member and School of Business and Economics, UPM Serdang
- Chari Thandalam Veeravalli – Group Chief Financial Officer, Axiata Group Berhad (Retired) and Board Member
- Dr Ng Boon Beng – Chief Executive Officer, Sri Sempurna International School
- Dato’ Merina Abu Tahir – Chief Financial Officer, Lembaga Tabung Haji
- Dr Shyamala Dhoraisingam Samuel – Lecturer, Monash University Malaysia
- Datuk Zaiton Mohd Hassan- Chief Executive Officer, Malaysia Professional Accountancy Centre (MyPAC) and IFAC PAIB Committee Member
• Irene Sin – Chief Financial Officer, Sunway REIT
• Khalijah Ismail – Group Financial Controller, Malayan Banking Berhad
• Mazhairul Jamaludin – Director, NJOI & OTT, MEASAT Broadcast Network Systems Sdn Bhd
• Wan Ahmad Ikram Wan Ahmad Lotfi – MIA Council Member and Chief Financial Officer, Perbadanan Insurance Deposit Malaysia
• Yeo Tek Ling – Managing Director, Advanced Packaging Technology (M) Bhd

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MIA is Steadfast in Supporting Members and Stakeholders Throughout the COVID-19 Crisis

March 30, 2020

The ongoing Covid-19 crisis is having an unprecedented impact on accountants and businesses as the Malaysian economy grinds to a standstill in the wake of the Government’s Movement Control Order which restricts economic and social activities to flatten the infection curve.

On 16 March 2020, the Malaysian Government issued the Movement Control Order (MCO) stretching from 18th – 31st March under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967. This MCO has since been extended to 14 April 2020. Under the Order, all government and private premises remain closed from 18 March to 14 April 2020, except for those providing essential services as defined by the National Security Council e.g. supermarkets and banks.

Understandably, the controls have hit the economy and profession hard. Individuals fear losing their jobs and livelihoods and many companies especially SMEs and micro-businesses are at risk of going bankrupt, which would of course have a detrimental knock-on effect on jobs.

To mitigate the hardship and comfort the people while defending the economy, the Government on 27 March 2020 announced an unprecedented stimulus package valued at RM250 billion that would ensure that “nobody would be left behind.” For its part, the Malaysian Institute of Accountants (MIA), as the developer and regulator of the accountancy profession in Malaysia, continues to extend our fullest support to our members and stakeholders in managing this crisis.

How MIA Helps Members and Stakeholders

Since the MCO was announced on 18 March 2020, MIA has done its best to keep members and stakeholders updated on the implications of the MCO as well as the impacts of the RM250 billion Economic Stimulus Package (ESP). As the voice of the
accountancy profession representing the interests of many employers and professionals, MIA also submitted its proposals for economic stimulus to the Government prior to the announcement of the ESP.

Since this MCO is unprecedented, many were confused on their responsibilities. To clarify the impacts especially with regards to permission to operate as well as regulations and compliance deadlines, MIA communicates extensively with the Government, relevant Ministries and agencies as well as our fellow regulators.

For example, many of our practitioners were confused whether MIA Member Firms fall within the definition of “Finance” under essential services, and hence could keep operating throughout the MCO. MIA wrote to the National Security Council and received confirmation that MIA member firms are not defined as “Finance” essential services. Therefore, MIA advised all members and member firms to comply strictly with the MCO by closing their premises from 18 to 31 March 2020 and subsequently to 14 April 2020. “We are happy to report that the profession’s compliance is good. This demonstrates our commitment to upholding trust, integrity and good governance and to protecting the people from the risks of Covid-19 infection, in the public interest,” stated Dr Nurmazilah Dato’ Mahzan, Chief Executive Officer, MIA.

Many members were also worried about meeting the regulatory requirements on financial reporting, annual general meeting and taxation as the MCO would affect productivity. MIA wrote to Bursa Malaysia, Companies Commission of Malaysia and the Inland Revenue Board of Malaysia to highlight the practical challenges faced by the profession and to consider possible measures.

MIA has also taken the initiative to keep members informed of all relevant matters through regular statements and analyses. “The Institute responded immediately to Prime Minister Tan Sri Muhyiddin Yassin’s reading of the RM250 billion Economic Stimulus Package, and we have published circulars and articles in our online knowledge portal e-AT on the impacts,” said Dr. Nurmazilah. More information on the Economic Stimulus Package here.

Under the ESP, RM128 billion is allocated for the people's welfare, RM100 billion is apportioned to support businesses and SMEs, and RM2 billion is provided to strengthen the economy, in addition to the RM20 billion stimulus announced earlier on 27 February 2020 under the theme “Bolstering Confidence, Stimulating Growth & Protecting Jobs”.

While there are numerous measures aimed at ensuring that “nobody is left behind”, the following are the pertinent highlights of ESP 2.0 for MIA members:
• The Employees Provident Fund (EPF) will provide consultation services for employers beginning 15 April 2020, including the options of payment deferment, restructuring and rescheduling of employers’ contributions. This will ensure cash flow savings of RM10 billion for employers and benefit 480,000 Small and Medium Enterprises (SMEs) and companies while saving more than eight million jobs.
• The Government will also introduce a wage subsidy of RM600 a month for three months for employers with a 50% drop in business since 1 Jan 2020, for workers with a salary of below RM4,000. Eligible employers must comply with the stipulated terms and conditions.
• The Human Resource Development Fund (HRDF) levy is to be exempted for all sectors for six months starting April 2020. Although HRDF may not be applicable to the Public Practice sector, the levy exemption will generally benefit other business sectors.
• Deferment of income tax instalment payment for SMEs for three months starting 1 April 2020.
• The Government and Bank Negara Malaysia (Central Bank of Malaysia) will provide an additional allocation of RM4.5 billion for SMEs and micro entrepreneurs subject to the guidelines issued by the respective authorities.
• The Government, together with telecommunication companies, will provide free internet data usage to their respective customers throughout the Movement Control Order (MCO) period beginning April 1.
• “We hope that the ESP measures will boost the morale of our members, and that member firms in particular will benefit from the concessions that are aimed at saving business and jobs,” said Dr Nurmazilah.

**MIA Goes Virtual**

Neither is MIA exempt from the Movement Control Order. Therefore, all our offices are closed from 18 March to 14 April 2020 and staff will not be in the office pending further directive from the Government.

“However, we are striving to serve members and businesses to the best of our ability and we are making the most of technology and digital tools to optimise working from home. Despite the closure of our offices, we have ensured that our team will be contactable via online channels,” emphasised Dr. Nurmazilah. She added that as an advocate of digital transformation for accountants and the profession, MIA is walking the talk. The MIA team is in constant communication using the full suite of Microsoft Office tools such as Microsoft teams as well as Skype, and CPD programmes and courses are now being delivered through e-learning channels to ensure the continuing upskilling of members.

These channels are:

**CPE Audit:** cpeaudit@mia.org.my
Complaints: nages@mia.org.my

CARE Programme: care@mia.org.my

General Enquiries: communications@mia.org.my

Membership Matters: membership@mia.org.my

Member Firm: memberfirm@mia.org.my

Practicing Certificate: pc@mia.org.my

Professional Development: pd@mia.org.my

Qualifying Examination: education@mia.org.my

Regional Offices
Johor: miajbu@mia.org.my
Northern Region: miapng@mia.org.my
Sabah: miakku@mia.org.my
Sarawak: miakch@mia.org.my

Technical Enquiries: https://member.mia.org.my

“We thank our members and our stakeholders for their understanding and patience during this time and we hope that everyone will stay safe. The Institute will continue to closely monitor the situation, maintain close communication with regulators and stakeholders, and notify members of any future developments,” assured Dr Nurmazilah.

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A new framework was recently launched for the National Annual Corporate Reporting Awards (NACRA) 2020, 30 years after NACRA was first established in 1990.

According to joint organisers Bursa Malaysia Berhad, Malaysian Institute of Accountants (MIA) and The Malaysian Institute of Certified Public Accountants (MICPA), the changes come in response to a vastly transformed corporate and regulatory landscape as well as increasing investor demands for both financial and non-financial information. The new framework is also central to NACRA’s ongoing efforts to continually improve on the quality of annual reports to enhance disclosure, while upholding its vision of promoting excellence and accountability in Malaysian corporate reporting.

In his remarks at the launch in March 2020, NACRA 2020 Organising Committee Chairman Mr. Stanley Teo Swee Chua said, “NACRA 2020 introduces a brand-new awards structure and assessment criteria that enlarges recognition to many more leading organisations and is aligned with global reporting frameworks and best practices.”

This was supported by NACRA 2020 Adjudication Committee Chairman En. Ahmad Zahirudin Abdul Rahim who said: “The New NACRA is carefully designed to ensure that reporting goes beyond disclosure. Indeed, reporting on both financial and non-financial measures can become a highly useful tool for companies to align their performance with their strategy and meet increasing investor scrutiny and expectations for better sustainability.”

The key changes to the New NACRA were explained at the NACRA 2020 Launch Ceremony:
All organisations will compete for Excellence Awards according to market capitalisation for listed companies, with a separate category for non-listed organisations. The New NACRA has dispensed with the previous separate categories for industries to further streamline the awards framework. This means that companies’ annual reports will be assessed against their peers within the same tier of market capitalisation, or within the same category of non-listed organisations. In total, NACRA 2020 offers 21 possible Excellence Awards – 1 Platinum Award, and up to 3 Gold Awards and 3 Silver Awards for each category of market capitalisation, to be awarded at the organisers’ discretion, and 1 Award for the best non-listed organisation.

To enhance transparency and as a guide for better reporting, the organisers have revealed the marking criteria weightage for the Excellence Awards.

Given the increasing global relevance and acceptance of integrated reporting (IR) and sustainability, the NACRA assessment criteria have been realigned with IR and sustainability elements and emphasises the importance of non-financial information, forward-looking statements and sustainability information to communicate organisations’ value creation narratives over time.

Recognising the growing global emphasis on sustainability and impact reporting on ESG (environmental, societal and governance) impacts, NACRA continues to offer an Award for Best Sustainability Reporting.

Under the New NACRA, the adjudication process has been streamlined from two stages to just one to improve efficiency. As per past years, the organisers have assembled an independent panel of expert adjudicators who are well-versed with the latest issues and developments in business and markets, as well as corporate reporting and sustainability disclosures.

As in the past, all participants are eligible to compete for Best Sustainability Reporting and Best Designed Annual Report. Those participants who submit the Bahasa Malaysia version of their annual report will be eligible to compete for the title of Best Annual Report in Bahasa Malaysia.

Companies are required to submit five copies of their annual reports and 1 PDF copy for the adjudication process to slim NACRA’s carbon footprint. Prior to NACRA 2019, 50 copies were required for adjudication.

Companies are still required to submit a minimal number of hard copies for the design category so that the adjudicators can fully appreciate the aesthetics of the annual report in form, texture, readability and creativity.

All public-listed and non-public-listed organisations as well as other organisations established in Malaysia are cordially invited to participate in NACRA. The closing date for registration and submission of entries is 29 May 2020.

For more information about NACRA 2020, click here or please contact the NACRA Secretariat at nacra@mia.org.my.
16 March 2020 will forever be etched in the mind of MIA President Huang Shze Jiun.

That was the day the Movement Control Order (MCO) was announced to manage the Covid-19 pandemic and everything changed. The profession had only one day to prepare for the MCO which commenced on 18 March 2020. Just two weeks into the sixth month of his MIA presidency, he was thrust into a time of unprecedented challenges for the profession – facing challenges not only from the pandemic but also the resulting economic fallout. “While living in such times is not our decision, we can decide what to do with the time given to us. It is in such times more than any other that the profession requires the help and support of the Institute and even more so the government,” said Huang. Some support came on 27 March 2020 with the announcement of the government’s RM20 billion Economic Stimulus Package 2020 (ESP) to cushion the impacts of Covid-19 on the people and the economy.

Due to the Covid-19 pandemic, his term as MIA President has definitely been highly atypical. But every cloud has a silver lining. Huang encouraged MIA members to utilise their skills and expertise in supporting the ESP’s numerous tax and non-tax measures (Read more on the Economic Stimulus Package – click here). “As partners to business and our stakeholders, we are positioned to help the government in its efforts to minimise the economic impact of the Covid-19 outbreak, while working to ensure the safety, health and wellbeing of the people for whom we are responsible, such as our employees and subordinates.”
The timing is also good for members to embrace sustainability and digitalisation to future-proof themselves and the profession. “MIA is taking steps to try and insulate our members against the impacts of Covid-19, by encouraging the greater use of technology and the diversification of services, especially in the emerging growth areas of sustainability and climate change. Although Covid-19 is grabbing all the headlines now, the climate crisis is equally disrupting to economies and societies,” he stressed. “Along with the International Federation of Accountants (IFAC), MIA is advocating that accountants should be taking the lead for climate action, leveraging on our expertise in business and reporting to drive climate sustainability.” (see article on Climate Change – click here).

While there is a lag in pursing MIA’s priorities as Covid-19 and the change in government have taken the front seat, the long-term development and regulation agenda for MIA remains intact. Huang is committed to driving and supporting the ongoing transformation and future-proofing of the profession and accountants in Malaysia. The following are the Institute’s immediate priorities and key initiatives for 2020 and beyond, as well as important milestones charted in 2019. Some highlights:

**Managing the Covid-19 Crisis and Impacts on the Profession**

“It is no exaggeration to say that the Covid-19 crisis has had a tremendous impact on the profession and the outlook going forward. We understand that the effects are felt by all the categories of membership. The Professional Accountants in Business (PAIBs) are concerned over their job security, the academicians are concerned over the employment prospects of their students, and the members who are business owners, whether SMEs/SMPs or larger are facing an existential crisis. The Institute is continuously working on how to support members during this difficult time,” Huang stated.
Transparency is vital to preventing panic and irrational actions during a crisis. Despite operating under the constraints of the MCO, MIA continues to work hard to keep members and stakeholders informed and updated on the implications of the MCO as well as the impacts of the RM250 billion Economic Stimulus Package (ESP). “As the voice of the accountancy profession representing the interests of many employers and professionals, we also submitted proposals for economic stimulus to the government prior to the announcement of the ESP,” said Huang.

Post-announcement of the ESP, one of the main challenges still faced by SMEs and SMPs is the cash flow burden to make payment of wages and other expenses. “While the wage subsidy programme does help in part for those who qualify, the cash flow burden remains challenging in particular for professional firms where the cash flow burden is substantial. This is because the main cost is wages which cannot be deferred whereas collections are slow due to the MCO and also the economic crisis resulting from the Covid-19 pandemic. We will continue to submit proposals to the government on the support and assistance required by the profession. We are also actively working to identify funding avenues for firms to alleviate the liquidity challenges they will face.”

“It is also very important to clarify the roles and responsibilities of members during the period of the MCO, as many were confused with regards to permission to operate as well as regulations and compliance deadlines.” To seek clarification, MIA continues to communicate extensively with the government, relevant Ministries and agencies as well as fellow regulators.

One issue that confused many practitioners: whether MIA Member Firms fall within the definition of “Finance” under essential services, and hence could keep operating throughout the MCO. MIA wrote to the National Security Council and received confirmation that MIA member firms are not defined as “Finance” essential services. Therefore, MIA advised all members and member firms to comply strictly with the MCO by closing their premises from 18 to 31 March 2020 and subsequently to 14 April 2020. “Members and the profession must set a good example by behaving with compliance to the government’s orders during these trying times. Now, more than ever, members must be seen to be behaving with integrity and accountability, to ensure trust and uphold the public interest at all times,” stressed Huang. “However, we have also appealed to the National Security Council for professional accountancy services to be included under the definition of essential services on the basis that, amongst others, we play a critical role in supporting businesses to avail themselves of the numerous financial incentives being announced.”

Another issue: lower productivity due to the MCO would delay members and their clients in complying with the regulatory requirements on financial reporting, annual general meeting and taxation. “MIA wrote to Bursa Malaysia, Companies Commission of Malaysia and the Inland Revenue Board of Malaysia to highlight the practical
challenges faced by the profession and to consider possible measures. Our feedback is being taken into account as the government and regulators work to shield businesses from economic damage,” explained Huang.

MIA has also taken the initiative to keep members informed of all relevant matters through regular statements and analyses, such as the immediate statement issued on the RM250 billion Economic Stimulus Package, and published circulars and articles in MIA’s online knowledge portal e-AT on the tax and non-tax impacts. (For more information click here).

“We hope that the ESP measures will boost the confidence of our members, and that members will gain from the concessions that are aimed at saving business and jobs. MIA will continue to work with our stakeholders to propose stronger and more effective economic and social solutions that can help to defend the wellbeing of our members as well as to protect families, communities and businesses,” promised Huang.

Reforming the Accountants Act 1967

While legislative reform is on the backburner as all resources are being pumped into mitigating the health and economic impacts of Covid-19, amending this Act that is even older than Huang himself is critical to provide the Institute the necessary flexibility especially in these times of crisis. “Matters as basic as the manual election of Council Members and the physical Annual General Meeting are hard coded into the Act despite the fact that now more than ever, we need the flexibility of being able to conduct electronic voting and virtual meetings.”

“As this is a longstanding issue, the Institute will continue to engage with the Ministry of Finance to get the proposed new Act passed, once the worst of Covid-19 is over,” said Huang.

Embarking on Sustainability

Given the profession’s unique expertise in measurement, assurance and disclosure, Huang advised members and accountants to start advocating for sustainability by embracing and advocating integrated reporting <IR>. “This is the first step in getting started on sustainability and the UN SDGs. The Covid-19 crisis can segue us to sustainability, as this window of inaction forces us to assess the impacts of our usual behaviours and reconfigure our business models for a post-Covid-19 planet,” mused Huang.

“Sustainability is linked to IR because IR looks at how we report holistically on the organisation’s impacts and value creation to our stakeholders as a whole. By embracing <IR>, it gives a clearer picture of organisations,” said Huang, who encouraged members to refer to MIA's <IR> 2019 as a guide for <IR> in practice.
Sustainability within the context of the United Nations Sustainable Development Goals (UN SDGs) was a core theme of the MIA International Accountants Conference (MIAC) 2019 and also for the upcoming MIAC 2020. MIA’s climate and sustainability agenda focuses on the acquisition of sustainability skillsets and how accountants can add value through advocating climate change disclosure to influence business decision-making.

**Strengthening Public Practitioners**

“As a public practitioner and SMP myself, I understand the urgent need for SMPs to transform and to improve the quality of public practice services and practice management.” He stressed the importance of SMP transformation to be relevant in a business environment that is changing drastically in accordance to Covid-19 controls. For example, SMPs that have embraced digital transformation are better positioned to continue with their professional services to clients especially on audit, tax and advisory work during the shutdown ordered by the government’s Movement Control Order. “These SMPs are able to continue working online using the cloud which facilitates work-from-home for employees, so they are not as pressured by upcoming regulatory and compliance deadlines.”

Even after Covid-19 is managed and infection rates reduced, transformation is still necessary for SMPs to survive and thrive in changing the constantly evolving market landscape. For example, audit is still predominantly the core service for most SMPs, but audit exemption has begun to disrupt their business model. While the low audit thresholds for audit exemption provided room for a soft landing, “We cannot count on low thresholds forever, so we must diversify our services and consolidate and combine our resources. We also have to take advantage of technology to become more efficient and effective,” urged Huang.

To help SMPs, MIA has put in place a gamut of initiatives such as the SMP Roadmap 2015 – 2020, the New Practice Review Framework which focuses on remediation, numerous workshops on MPERs, and several initiatives to improve audit quality, such as the Audit Guide for Practitioners, Illustrative Audit Working Papers workshops, the joint Quality Assessment Programme with MICPA and the upcoming multi-stakeholder Electronic Bank Confirmation platform.

With regards to the SMP Roadmap, MIA has completed all initiatives under the Strategic Thrust (ST) 1 on Quality Enhancement. The progress of ST3 Professional Reforms is ongoing, to ensure that the regulatory and practising environment evolves to remain relevant and appropriate for Malaysia. The focus moving forward will be on the ST2 Capacity Building and Capability Development, whereby MIA will work closely with government agencies in developing a catalyst programme for small and medium practices.

**Supporting Young Professionals, Academia and the Public Sector**

As a founding member of the Young Professionals Committee (YPC) of the MIA, Huang is attuned to the challenges and opportunities faced by his peers. The challenges are
now starker than ever due to the challenging employment prospects resulting from the economic fallout of the Covid-19 crisis

“It is important to communicate the value proposition of the profession and to sell it as an exciting profession, and not something that is done only by the older generation.”

Embracing digitalisation and technologies will be vital to transforming the perception of the profession and to appeal to millennials who are digital natives.

Closely interlinked to talent development are the ongoing reforms of accountancy education, which will also be essential to providing the right mix of core, technical and soft skills that accountants need to be relevant in the digital economy. “We have to ensure that accountancy education in Malaysia meets global standards so that our members are marketable and relevant all over the world, not just in our market,” said Huang. Key to this is the ongoing development of the MIA Competency Framework which defines the skill sets required to become accountancy professionals, based on three (3) proficiency levels of the IFAC International Education Standards (IES) which include the Foundation, Intermediate and Advanced proficiency requirements.

Equally important is to support the development and upskilling of the public sector, as this is critical to ensuring excellence in public sector financial management as well as good governance. For 2019, MIA focused on encouraging the digital transformation of the public sector to enhance service delivery, via the MIA Data Intelligence & Analytics Conference 2019 for the Public Sector which shared best practices for big data analytics, data integrity and security to build an effective data governance framework, and to strengthen trust and the public interest. For 2020 and beyond, MIA will continue to emphasise on strengthening public sector financial management and technology adoption among accountants in the public sector.

**Strengthening PAIBs**

“MIA has focused intensely on encouraging the upskilling of PAIBs which make up a large segment of our membership,” said Huang. Talented PAIBs are more crucial than ever to assist companies in navigating the financial headwinds in these challenging times. Key initiatives to strengthen PAIBs and the finance function include MIA’s Competency Frameworks for CFOs and Finance Functions in PIEs, which are gaining acceptance from the market and regulators. This is complemented by the various CPE programmes and special conferences and platforms to enhance and upskill PAIBs, including the exclusive CFO Circles and annual CFO Conference.

“In addition, it is important to mention that MIA is placing strong emphasis on Board and director liability and accountability as the new corporate liability provision in the Malaysian Anti-Corruption Commission Act 2009 under Section 17A comes into force,” said Huang. Boards and management need to know how to implement the adequate procedures to manage the wider scope of governance risk and increased liabilities as a consequence of the new Section 17A.
Supporting the Regions

Johor-born and bred, Huang who has served as partner with Johor Bahru-based Baker Tilly HYT since 2005 has a keen understanding of the challenges facing the border towns and regional offices.

These include talent recruitment and retention woes due to competition from neighbouring markets as well as competition from bogus accountants. “Being far from the Central headquarters, it is easier for them to operate. That’s why we need the new Act to strengthen the Institute and improve and streamline quality levels between Central and the regions.”

To help improve quality and regulatory compliance, the Institute is emphasising continuing professional development through online and digital platforms and offering rebates and discounts to members from the regions to travel to KL for training. Learning events such as the AccTech Penang Conference 2020 were also organised to drive digital transformation among regional members, but unfortunately this had to be postponed due to Covid-19. In addition, said Huang, “the regional offices and committees are doing good work in strengthening engagement with members.”

Post-Covid-19 – What Lies Ahead

Asked about the way forward, Huang said: “The Covid-19 outbreak crisis is unprecedented; it has caused severe damage to businesses and the economic ecosystem, and affected MIA members in all sectors including the small medium practitioners (SMPs). However, as trusted business partners, MIA members must rise to the occasion in this challenging time and demonstrate their relevance – in assisting businesses to recover from financial distress and supporting the government initiatives towards nation-building.”

“As for post-Covid-19, it’s all about further strengthening the profession and its continuing relevance to the society. In order to be worthy of the enhanced powers that we are asking for under the new Accountants Act, we need to first ensure that our governance is strong enough to pass the most rigorous scrutiny. I believe that the Institute is in a good place with a sound integrated strategy, a solid business model and above all, a great team. We have in place a robust governance structure whereby the Council has oversight and guidance over the Institute’s strategy, operational plan and specific initiatives, which are executed by a very capable management team and invaluable staff.”

Huang also paid tribute to MIA’s members, whom he deemed instrumental to the profession’s continuing growth and future sustainability. “We greatly appreciate your support as the Institute seeks to achieve even more challenging milestones in the next phase of our journey.”
Huang’s term as President concludes at the MIA AGM in September 2020 as mandated by the Accountants Act 1967. While this marks one of the shortest tenures ever for an MIA President, it is definitely one of the most turbulent. He was elected as the MIA President effective 27 August 2019. As he was previously elected as an MIA Council Member on 24 September 2016 and subsequently elected as MIA Vice-President on 25 October 2018, he has already served three years of the maximum four years on the Council as allowed by the Accountants Act 1967.

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Prime Minister Tan Sri Muhyiddin Yassin has announced a supplementary stimulus package that is specially targeted to support small and medium-sized enterprises (SMEs).

The supplementary stimulus is critical to ensure the survival of SMEs who are the backbone of the Malaysian economy. SMEs currently account for over two-thirds of the country’s total jobs and nearly 40% of the economy.

This SME package is in addition to the RM250 billion economic stimulus announced on 27 March 2020, which included direct cash transfers to qualified households and individuals, wage subsidies, moratoriums on bank loans and delays to income tax submissions, among other measures.

Although the earlier rescue plan had allocated RM3 billion in funding for SMEs under the Special Relief Fund for SMEs, with a reduced interest rate from 3.75% to 3.5%, SMEs and businesses gave feedback that they preferred wage subsidies and other direct measures to urgently protect businesses.

As the regulator of the profession, MIA submitted key proposals to the Government to support SMEs, including small and medium practitioners (SMPs) who are the business partners and advisors to SMEs.

We are pleased to see that some of these proposals have been taken up by the Government. The following are the highlights of the Supplementary Stimulus Package for SMEs, along with MIA’s recommendations where relevant:

Additional allocation of RM7.9 billion for the 3-month wage subsidy programme introduced under ESP PRIHATIN for SMEs to all micro entrepreneurs and small enterprises, medium companies and big companies, based on the said entities’ number of employees. The qualifying wage threshold remains the same i.e. RM4,000 and below. The subsidy amounts are as follow:
An additional condition is that companies must be registered with Suruhanjaya Syarikat Malaysia (SSM) or local authorities before 1 January 2020 and also registered with PERKESO. The companies must also retain the employees for 6 months i.e. during the 3 months when the subsidy is in effect followed by the next 3 months. The Institute is also currently seeking clarification with the Ministry of Finance (MOF) whether SMPs are included in the wage subsidy programme.

The Government has agreed to encourage negotiations between employers and employees on employment terms, including pay cuts, unpaid leave, etc. during the Movement Control Order (MCO). Employees and employers can refer to Jabatan Tenaga Kerja for advice on any unresolved disputes. All discussions and negotiations must be in accordance to laws and regulations.

The Government has granted an automatic moratorium of 30 days from the last date of the MCO to facilitate the filing of statutory documents per SSM’s requirements. The deadline to submit financial statements also has been extended for 3 months from the last date of the MCO. This extension applies to companies with financial year-ends of 30 September to 31 December 2019. Companies must submit their applications for the moratorium and/or extension to SSM, and no late charges will be imposed on these companies.

Previously, MIA had requested that companies with year-ends falling between 30 September 2019 to 31 December 2019 be granted a minimum extension of two months to prepare for AGM and extension to the subsequent deadline for submission of financial statements, in view of the extended MCO and possible bottlenecks in the finalisation of financial statements/audits and preparation for AGM after the lifting of the MCO.

Additional tax deduction effective from April to June 2020 will be given to private business premise owners that provide reduction or waiver of rental to SMEs during MCO and the following 3 months after MCO. The stipulated condition of at least 30% reduction in rental must be fulfilled to be eligible for this additional tax deduction.

Interest on the RM500 million Micro Credit Scheme under Bank Simpanan Nasional is waived, reduced from 2% previously to 0%. The micro loan scheme for micro companies is also extended to TEKUN Nasional with a maximum loan limit of RM10,000 per company at 0% interest. For this purpose, a sum of RM200 million will be provided. Applicants are allowed to choose either one of these schemes in order to benefit more micropreneurs.
• 25% reduction in foreign workers’ levy payments for all companies with work permits expiring from 1 April to 31 December 2020. This reduction does not apply to domestic workers.

Please click HERE for the detailed Speech.

The Institute hopes that the Supplementary Stimulus Package will support the business continuity and economic sustainability of our SME members.

During this time of crisis, the Institute urges SMPs to take on the role of “economic frontliners”, providing the advisory and guidance so desperately needed by SMEs to manage cashflows and ensure business continuity in this unprecedented crisis.

The Institute will continue to closely monitor the situation, maintain close communication with the Government, regulators and our stakeholders, and will notify members of any future developments.

In the interim, MIA hopes that everyone will stay safe and comply with the extended MCO and all rules and regulations for our mutual benefit.

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Thank you.

Dr Nurmazilah Dato’ Mahzan

Chief Executive Officer

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Technology Adoption by the Accountancy Profession in Malaysia

By MIA Professional Practices & Technical Team

Survey Highlights:

- 52% and 36% of survey respondents propose to adopt data analytics tools and artificial intelligence (AI) respectively in the next three years, signalling the effectiveness of MIA’s advocacy for the profession’s digital transformation
- 93% of survey respondents ranked technology as either very important or important, and 92% of respondents said that they were either very interested or interested in knowing more about technologies affecting the accountancy profession
- Diverse opinions were recorded from a total of 1,126 respondents across the four sectors of the MIA membership, who are well-balanced in terms of sector, position and age

To support MIA’s digital advocacy, a survey on ‘Technology Adoption by the Accountancy Profession in Malaysia 2019’ was conducted between July and November 2019.

This 2019 survey is a follow up to a similar survey that was carried out in 2017 which contributed to the development of the MIA Digital Technology Blueprint that was launched in July 2018. Its findings can be accessed at https://www.mia.org.my/v2/downloads/resources/publications/2018/07/12/MIA_Technology_Blueprint_Spreads_format.pdf

A total of 1,126 respondents across the four sectors of the MIA membership provided feedback on their adoption of technology on the following:

- Their breadth and depth of knowledge about technology;
The technology trends affecting members; Drivers and barriers in adopting technology; and How members are applying technology in their organisation.

The respondents are well-balanced and offer a diversity of backgrounds and opinions. In terms of sector, there is a mix of respondents from commerce and industry (33%), public practice (28%), public sector (19%) and others (17%). In terms of position, 25% are from top management and 20% from senior management, indicating that a high percentage of respondents hold decision-making powers. In terms of age, there is also a balanced mix of digital immigrants (those who were not exposed to technology from young) and digital natives (those who have been interacting with technology since childhood).

Highlights of survey findings

Below are the highlights of the survey findings, with comparisons between the 2019 and 2017 survey data:

Overall, respondents remain confident that technology is very important (93% of 2019 survey respondents ranked technology as either very important or important compared to 97% of the 2017 survey respondents).

### Importance of Technology

<table>
<thead>
<tr>
<th>Importance</th>
<th>2017</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Important</td>
<td>56%</td>
<td>61%</td>
</tr>
<tr>
<td>Important</td>
<td>37%</td>
<td>36%</td>
</tr>
<tr>
<td>Moderately Important</td>
<td>5%</td>
<td>3%</td>
</tr>
<tr>
<td>Slightly Important</td>
<td>2%</td>
<td>0%</td>
</tr>
</tbody>
</table>
Respondents also expressed interest in learning more about the technologies affecting the profession (92% of 2019 survey respondents said that they were either very interested or interested in knowing more, compared to 94% of the 2017 survey respondents).

**Interest to Know More About Technologies Affecting the Profession**

<table>
<thead>
<tr>
<th>Interest Level</th>
<th>2017 Percentage</th>
<th>2019 Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Interested</td>
<td>53%</td>
<td>51%</td>
</tr>
<tr>
<td>Interested</td>
<td>41%</td>
<td>41%</td>
</tr>
<tr>
<td>Moderately Interested</td>
<td>7%</td>
<td>5%</td>
</tr>
<tr>
<td>Slightly Interested</td>
<td>1%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Respondents to the 2019 survey showed greater interest in technology trends, where they were most interested in the following top five trends ranked from first to fifth: big data and analytics (2019 – 79%: 2017 – 72%), analytics-based technologies (2019 – 58%: 2017 – 55%), automation (2019 – 55%: 2017 – 53%), cybersecurity (2019 – 53%: 2017 – 52%) and cloud computing (2019 – 52%: 2017 – 48%).

**Interest in Technology Trends - Top 5 in 2019**

- However, respondents’ interest in technology trends differed from respondents’ perception of the key technologies affecting the profession. Respondents ranked the following technologies as those with higher impact on the profession, and there was also an increase in the number of respondents who cited these technologies as affecting the profession: first, cybersecurity (2019 – 71%: 2017 – 72%), followed by big data and analytics (2019 – 69%: 2017 – 64%), online services (2019 – 65%: 2017 – 61%), automation (2019 – 64%: 2017 – 62%) and analytics-based financial services (2019 – 64%; 2017 – 57%).
There was little change in the perception of drivers and barriers to technology adoption (table 4). Business benefits (2019 – 72%: 2017 – 75%) and business demands (2019 – 69%: 2017 – 71%) were cited as the top drivers of technology adoption while high business costs (2019 – 71%: 2017 – 70%) ranked as the main barrier to adoption, followed by lack of talent to utilise technology effectively (2019 – 59% : 2017 – 60%) and lack of understanding on benefits of technology adoption (2019 – 57%: 2017 – 57%).

In terms of frequency of usage, respondents indicated that Microsoft applications (nearly 100% report use), accounting software (over 90% report use) and cloud applications (about 60% report use) are currently used the most pervasively.
Interestingly, respondents are now more exposed to data analytics tools, as indicated by the number of respondents who have never or rarely used data analytics tools having plunged from 79% in the 2017 survey to under 60% in the 2019 survey. This indicates a greater take-up of data analytics tools, as over 40% of 2019 respondents said they now frequently or occasionally use data analytics, double the 20% of 2017 respondents who confirmed frequent or occasional use.

There is also increased usage of practice management software. Those who have never or rarely used this software dropped from 81% of 2017 respondents to 60% of 2019 respondents, while those who occasionally and/or frequently use it rose to 40% of 2019 respondents, double the 19% of 2017 respondents. This could signal a growing emphasis on audit quality and practice transformation, but there is plenty of room for further adoption of practice management software to enhance practice business continuity and sustainability.

In the next three years, the 2019 survey respondents expect to increase their adoption of data analytics tools (52%), accounting software (51%), and cloud applications (49%). Notably, survey respondents express increased interest in adopting data analytics tools (52% – 2019: 35% – 2017) and artificial intelligence tools (36% – 2019: 15% – 2017). This could indicate that MIA’s advocacy and exposure of members to digital transformation and technology leveraging has been effective. MIA will continue to work harder to strengthen the profession’s digital transformation.
Implementation of the Blueprint

The Institute, through its Digital Technology Implementation Committee (DTIC), has developed an operational plan to implement the Blueprint, focusing on the principles set out in the Blueprint as follows:

The findings of this survey are being used in the implementation of the operational plan of the Blueprint. MIA extends its deepest appreciation to the members who have responded to the survey. The Institute hopes that the ongoing implementation and operationalisation will be helpful to members in driving digital transformation, and encourages everybody to continue applying the five principles of the MIA Digital Technology Blueprint.
By Stathis Gould & Christopher Arnold

The COVID-19 pandemic crisis and its economic effects mean that investors and other stakeholders need high-quality financial information more than ever.

To this end, accountancy firms, regulators, IFAC member organizations and others have quickly made available advice and guidance on the accounting and financial reporting requirements that will need to be considered in addressing the financial effects of COVID-19 when preparing financial statements. Many of these resources are conveniently available through IFAC’s COVID-19 resource center.

To help consolidate the highlights of this guidance, a summary of key areas to consider is outlined below together with links to key references on the IFAC website.

There will be issues to consider for this year’s reporting as well as in future years. Some companies may first report financial effects in interim financial statements (in accordance with IAS 34 – Interim Financial Reporting), which will likely involve the greater use of accounting estimates. However, information must be reliable and all material financial information relevant to an understanding of the financial position or performance of the company should be appropriately disclosed.

There may also be differences in approach depending on whether financial statements are prepared using IFRS or national GAAP.

How Should Companies Assess COVID-19 Events After the Reporting Period?

IAS 10 Events after the Reporting Period contains requirements for when adjusting events (those that provide evidence of conditions that existed at the end of the reporting period) and non-adjusting events (those that are indicative of conditions that arose after
the reporting period) need to be reflected in the financial statements. Amounts recognized in the financial statements are adjusted to reflect adjusting events, but only disclosures are required for material non-adjusting events.

Judgment is required in determining whether events that took place after the end of the reporting period are adjusting or non-adjusting events. This will be highly dependent on the reporting date and the specific facts and circumstances of each company’s operations and value chain. Management may need to continually review and update the assessments up to the date the financial statements are issued given the fluid nature of the crisis and the uncertainties involved.

With respect to reporting periods ending on or before 31 December 2019, there is a general consensus that the effects of the COVID-19 outbreak are the result of events that arose after the reporting date (e.g., in the UK, the Financial Reporting Council has stated that COVID-19 in 2020 was a non-adjusting event for the vast majority of UK companies preparing financial statements for periods ended 31 December 2019). For later reporting dates (e.g. February or March 2020 year ends), it is likely to be a current-period event which will require ongoing evaluation to determine the extent to which developments after the reporting date should be recognized in the reporting period.

If management concludes the impact of non-adjusting events are material, the company is required to disclose the nature of the event and an estimate of its financial effect. If it cannot be reliably quantitively estimated, there still needs to be a qualitative disclosure, including a statement that it is not possible to estimate the effect. Examples of non-adjusting events that would generally be disclosed in the financial statements include breaches of loan covenants, management plans to discontinue an operation or implement a major restructuring, significant declines in the fair value of investments held and abnormally large changes in asset prices, after the reporting period.

**How Should Companies Assess Going Concern?**

IAS 1 Presentation of Financial Statements requires management to assess a company’s ability to continue as a going concern. The going concern assessment needs to be performed up to the date on which the financial statements are issued. The assessment relates to at least the first twelve months after the balance sheet date, or after the date the financial statements will be signed, but the timeframe might need to be extended.

Material uncertainties that cast significant doubt on the company’s ability to operate under the going concern basis need to be disclosed in the financial statements. It is highly likely that many companies large and small, and particularly in certain sectors, will have issues relating to the current situation that need to be considered by management. There will be a wide range of factors to take into account in going concern judgments and financial projections including travel bans, restrictions, government assistance and potential sources of replacement financing, financial health of suppliers
and customers and their effect on expected profitability and other key financial performance ratios including information that shows whether there will be sufficient liquidity to continue to meet obligations when they are due.

Given the significant uncertainty, disclosure should include those significant assumptions and judgments applied in making going concern assessments. Assessments will likely need to include different scenarios with varying assumptions which can be updated to take into account the evolving nature of uncertainties.

Management should assess the existing and anticipated effects of COVID-19 on the company’s activities and the appropriateness of the use of the going concern basis. If it is decided to either liquidate or to cease trading, or the company has no realistic alternative but to do so it is no longer a going concern and the financial statements may have to be prepared on another basis, such as a liquidation basis.

What are Other Significant Effects on Accounting and Reporting to Evaluate?

Throughout 2020, companies will need to review all areas of the accounts that are subject to judgment and estimation uncertainty. The use of forecast information is pervasive in assessing a range of effects in addition to going concern including the impairment of financial and non-financial assets, expected credit losses, and the recoverability of deferred tax assets.

**Fair value measurements (IFRS 13 Fair Value Measurement – FVM)**

A change in the fair value measurement affects the disclosures required by IFRS 13, which requires companies to disclose the valuation techniques and the inputs used in the FVM as well as the sensitivity of the valuation to changes in assumptions. Disclosures are needed to enable users to understand whether COVID-19 has been considered for the purpose of FVM. A key question is what conditions and the corresponding assumptions were known or knowable to market participants at the reporting date.

For 2020, fair value measurements, particularly of financial instruments and investment property, will need to be reviewed to ensure the values reflect the conditions at the balance sheet date. This will involve measurement based on unobservable inputs that reflect how market participants would consider the effect of COVID-19 in their expectations of future cash flows related to the asset or liability at the reporting date.

During the current environment, the volatility of prices on various markets has also increased. This affects the FVM either directly – if fair value is determined based on market prices (for example, in case of shares or debt securities traded on an active market), or indirectly – for example, if a valuation technique is based on inputs that are derived from volatile markets. Consequently, special attention will be needed on the commodity price forecasting that’s used in developing fair value conclusions.
Impairment of non-financial assets subject to the requirements of IAS 36

Impairment of Assets. In addition, other relevant standards to consider for management estimates include IAS 16, Property, Plant and Equipment, IFRS 16 Leases, and IAS 37, Provisions, Contingent Liabilities and Contingent Assets

IAS 36 ensures that a company’s assets are carried at not more than their recoverable amount (the higher of fair value less costs of disposal and value in use) and requires companies to conduct impairment tests when there is an indication of impairment of an asset at the reporting date. Indicators of impairment include significant changes with an adverse effect on the company that have taken place during the reporting period or will take place soon in the market or economic environment in which the company operates.

The scope of assets subject to the requirements in IAS 36 is broad. It includes property, plant and equipment (carried at cost or revalued amount), intangible assets (carried at cost or revalued amount), goodwill, right-of-use assets (if carried at cost), investment property (if carried at cost), biological assets (if carried at cost) and investments in associates and joint ventures accounted for using the equity method.

Companies will need to assess whether the impact of COVID-19 has potentially led to an asset impairment. For most companies, the economic effects are likely to trigger an impairment test for long-lived assets and other asset groups. Estimates of future cash flows and earnings are likely to be significantly affected by direct or indirect impacts. Asset impairment may also reduce the amount of deferred tax liabilities and create additional deductibles. Ongoing identification and evaluation and re-evaluation are essential to understand the extent of the need for recognition and for what periods.

Valuation of inventories is subject to IAS 2 Inventories, and inventories are measured at the lower of their cost and net realizable value (NRV). In the current environment, the NRV calculation will likely require more detailed methods or assumptions e.g. companies may need to write-down stock due to less sales. Interim inventory impairment losses should be reflected in the interim period in which they occur, with subsequent recoveries recognized as gains in future periods.

Measuring expected credit loss assessments (ECLs) under IFRS 9 Financial Instruments

The COVID-19 impact on credit risk will be more severe and immediate in various sectors. The IASB has published a document responding to questions regarding the application of IFRS 9, which requires companies to incorporate reasonable and supportable information about past events, current conditions and the forecast of future economic conditions into the assessment of ECLs for financial assets not measured at fair value through profit or loss. Such an assessment should be based on information at the reporting date and adjusted for subsequent available information.
The increased credit risk faced by banks and lenders is related to exposures to borrowers in highly affected sectors. Provisions need to be estimated based on the ECL for the entire remaining life of a financial instrument, such as loans to borrowers whose credit risk has increased significantly since origination.

Regulators such as The European Securities and Markets Authority (ESMA) are issuing guidance to help ensure companies faithfully represent ECLs and apply IFRS 9 consistently. The measurement of ECL applies to companies across industries other than financial services but specific considerations and ECL guidance for lenders and banks is available.

ECL is a probability weighted amount that is determined by evaluating a range of possible outcomes. Qualitative and quantitative disclosure enables users of financial statements to understand the effect of credit risk on the amount, timing and uncertainty of future cash flows. This includes the basis of inputs and use of assumptions and estimation techniques.

**Hedge accounting – where a company applies hedge accounting as part of its risk management strategy under IFRS 9 Financial Instruments**

COVID-19 may reduce the probability of a hedged forecast transaction occurring or affects its timing. Consequently, the hedge accounting criteria in applicable financial reporting standards may no longer be met, for example if a hedged financial asset becomes credit impaired.

If a hedged forecast transaction is no longer highly probable to occur, hedge accounting is discontinued and the accumulated gains or losses on the hedging instrument need to be reclassified to profit or loss. Hedged items in a cash flow hedge that could be affected due to COVID-19 include: Sale or purchase volumes that fall below the levels originally forecasted; planned debt issuances that are delayed or cancelled such that interest payments fall below levels originally forecasted; business acquisitions or disposals that are delayed or cancelled.

Additional disclosures might also be required. For example, IFRS 7 Financial Instruments: Disclosures requires disclosure of defaults and breaches of loans payable, of gains and losses arising from derecognition or modification, and of any reclassification from the cash flow hedge reserve that results from hedged future cash flows no longer being expected to occur. Disclosures include quantitative data, for example about liquidity risk, and narrative disclosure, for example how risk is being managed.

**Other considerations**

Other accounting and reporting considerations to take note of are covered in the references below and include revenue recognition and contract modification related to variable consideration (linked to IFRS 15 Revenue from Contracts with Customers). Although revenue is accounted for when it happens, there could also be an effect on the
assumptions made by management in measuring the revenue from goods or services already delivered. For example, reduced demand could lead to an increase in expected returns, additional price concessions, reduced volume discounts, penalties for late delivery or a reduction in the prices that can be obtained by a customer. A company may also modify its enforceable rights or obligations under a contract with a customer such as granting a price concession in which it is necessary to consider whether the concession is due to the resolution of variability that existed at contract inception or a modification that changes the parties’ rights and obligations.

Stathis Gould heads up the development of international services for professional accountants working in business and industry at IFAC. A key element of his work is developing thought leadership and guidance in support of finance professionals and their roles facilitating sustainable organizational performance. Before moving to IFAC, he was at the Chartered Institute of Management Accountants (CIMA) responsible for planning and overseeing a program of policy and research. Prior to serving the accountancy profession, Mr. Gould worked in various roles in the private and public sectors in the UK.

Christopher Arnold is the head of SME/SMP and Research at IFAC. He was previously an Audit Manager for Deloitte and qualified as an accountant in a mid-tier accountancy practice in London (now called PKF-Littlejohn). Christopher started his career as a Small Business Policy Adviser at the Association of Chartered Certified Accountants (ACCA).

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Tips for Making Virtual Connections Work for You

By Alta Prinsloo

Virtual meetings have long been a relatively cheap and carbon-friendly alternative to in-person meetings. Everyone has joined one at some point to talk across time zones while avoiding the financial and environmental costs of travel—plus the jetlag.

Now, with offices shuttered and borders closed, they’re essential to the daily lives of millions of workers. There’s a big difference between planning the occasional video or telephone call and reorienting an entire work schedule around virtual connections. Most people aren’t used to the feeling and practical effects of so much physical distance in their work lives; walking down the hall for a chat is so much simpler. But adapting to remote work, and embracing the role of virtual meetings in it, is no longer optional.

We’re all still settling into a new reality. This will take time, but the transition doesn’t have to be rough. Here are a few tips:

- Think of virtual meetings as virtual meetings—not as in-person meetings that external events have disrupted. This minimizes the feeling of reaction and puts positive, creative energy into conversations.

- Be ready for virtual meetings to take longer than in-person meetings. Set an agenda accordingly so that participants don’t feel rushed. That agenda needs to be focused, and so do all participants. Set an expectation for participants to keep responses brief and relevant. Make a note of points that—although interesting—are off topic, and come back to them at the end of the meeting or hold them for the next meeting.
• Help participants test the platform before the meeting. Let them know the meeting will open 5-10 minutes ahead of time to let people address any connection issues.
• While in the meeting, speak positively about the use of virtual platforms.
• Encourage participants to join on video even if they’re in a makeshift workspace. (Most of us are in the same boat.) Visual connections make better engagement with colleagues.
• Instead of holding long meetings over a few days, consider holding a longer series of shorter meetings. Try to stick to a three-hour limit: it helps address time zone differences, it helps to keep people engaged, and it makes life easier for people dealing with unexpected challenges to working from home (e.g., closed schools). Also consider setting a 15-minute break halfway through the meeting.
• For big ticket items, call on each participant to provide input. If you’re using Zoom, you could call it “going around the Zoom table.” A participant who does not have a comment can simply say so. (If the platform has a raised-hand function, ask participants to use that instead.)
• Prepare a meeting run sheet and use a shared screen function to display it. The run sheet should follow the agenda and include a point or two per agenda item, as well as a question or two for participants to consider. This keeps participants engaged and helps them follow along.
• Try to gather opinions before the meeting (e.g., by using the Office 365 forms function) and share a summary of those opinions in the run sheet. This can save time otherwise spent going around the Zoom table. With the summary written, you can call only for additional input (i.e. input not already captured in the summary) going around the Zoom table.

We’re in a new normal, and we might not get back to business-as-usual anytime soon. But this disruption to our routines doesn’t mean we can’t connect effectively with our colleagues. In the long run, we might find this transition to virtual connections to be a lasting solution to the financial and environmental costs of physical travel, and look back on our embrace of technology as an important step in the right direction.

**Alta Prinsloo** is an executive director with primary responsibility for IFAC’s new approach to advancing education for future-ready professional accountants. Ms. Prinsloo joined the International Auditing and Assurance Standards Board in 2002, and served as deputy director before transitioning to IFAC, where she has served in various executive roles, including governance and nominations, strategic planning, risk management, finance, operations & information technology, human resources and intellectual property. She has also overseen a wide variety of initiatives, including accountancy capacity building, Accountability.Now.—an initiative focused on transparency and accountability in the public sector—the IFAC Member Compliance Program, professional accountants in business and in small- and medium-sized practices, and the IFAC Global Knowledge Gateway. From 1997 through 2002, Ms. Prinsloo worked at the South African Institute of Chartered Accountants, becoming its technical director in 2000. In 1996, she worked at Amalgamated Banks of South
Africa where she was responsible for professional development of the internal audit function. Prior to that, she worked in the national technical and training office of PricewaterhouseCoopers. Ms. Prinsloo is originally from South Africa, qualified as a Chartered Accountant (SA), and holds a master’s degree in financial management.

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We Have to Address Mental Health—Especially Now

By Andrew Conway

Mental health and well-being is not a trend or buzz word. It is real and must be addressed—not just in the public interest but in the interests of humanity. The COVID-19 outbreak has brought this sharply into focus. The day-to-day changes, social distancing, and vigilance are inevitably provoking anxiety and stress. More than ever before businesses, especially small enterprises, are vulnerable to ever-evolving human impacts.

As a profession, we have a general drift toward financial outcomes and focusing on the numbers. However, when we stand back from our profession, fundamentally our purpose is to improve the quality of life of those we interact with. As trusted advisors, accountants are often taken into the deep confidence of clients in their most difficult life events. This carries significant weight. This means that accountancy professionals must look after their well-being too to be of the best service to their clients.

COVID-19 has been a wake-up call to the true interconnectedness of our global societies and collective responsibilities. It is also unlikely to be the last public health crisis the world sees, and professional accountancy organizations can be invaluable resources to members and clients during these trying times.

The Institute of Public Accountants (IPA) has taken a strong advocacy and consultative stance on mental health of small business owners and can share what we have learned in the process.

Building the Evidence Base

While consulting with small business owners throughout 2017 and 2018, the IPA received a significant number of responses about the deterioration in the mental health of small business owners. This response was not predicted and became a very strong thread. What followed was an inundation of responses from members and their clients.
about their experiences. From tragic outcomes to business owners feeling overwhelmed, it was clear this issue needed to be examined. We expect this to only continue increasing due to the current operating environment.

We also noted a key positive trend for the accountancy profession: 95% of small business owners surveyed reported that their mental health and wellbeing improved when they engaged their public accountant. This is an important message right now—social distancing does not mean isolation. Small businesses are not alone. Neither are professionals. Phone calls, emails, and virtual meetings can still happen between clients and professional accountancy organizations (PAOs) staff to check in, assess the current state affairs, and formulate a plan together.

As a PAO, we felt it was essential to bring an advocacy focus to this issue using our research we had. We built a public campaign that culminated in a roundtable with the Australian prime minister in 2019. This led to several cross-government and industry working teams to develop policy solutions and establish funding for comprehensive interventions for small businesses. The Australian government has since developed a roadmap for reform in collaboration with the profession and the clinical community.

**Practical Support for our Members**

From a PAO perspective, we needed to develop practical solutions and provide an educational base for members to boost awareness and provide practical support quickly. Otherwise we risked our members feeling powerless to support their clients. This was not designed to turn public accountants into clinicians, but rather boost their capacity to identify signs of mental ill health and empower them to have robust conversations with clients.

Our objective is to ensure, where required, clients are referred to and can access clinical support as early as possible. We have rolled out the Mental Health First Aid Training and Certification in partnership with Mental Health First Aid Australia, which has been one of our most in-demand professional training programs. Furthermore, we need to ensure we provide a backstop of support to public accountants encountering these issues. Accordingly, we are piloting a professional counselling support line for members, which shows very positive early signs of impact. As our members may own their own small business, we expect the counselling support to prove particularly important.

**Being Future Ready**

Mental health is a long-term concern and IPA is taking a long-term approach in supporting our members. We have embedded mental health into the re-design of the IPA professional program. The first stage covers the core accounting foundations while stage two includes business strategy, data analytics, and now a focus on well-being. Our hope is that this will provide a systemic approach to developing a sustainable supply of professionals equipped to meet the challenges of the contemporary professional.
Put simply, accountants are engaged for their emotional intervention. We are almost constantly monitoring the impact of artificial intelligence on our profession. But COVID-19 has dramatically reminded us that the future is unknown. Given the high levels of uncertainty, and the critical role professionals play as trusted advisers—both personally and professionally—there has never been a more important time to address mental health and develop comprehensive plans and provide practical solutions.

PAOs: lean into the wellbeing of our profession, especially now. Supporting the overall wellbeing of our members is something we can do to truly be future ready. Challenge your members to get outside for fresh air (Associations Now has a great membership fitness challenge article). Consider temporarily leveraging your confidential ethics lines to enable counselling support to members. Most importantly, communicate to your members that you are by their side through all this. If this process improves the life of one person, surely it is worth it.

**Prof. Andrew Conway, FIPA, FFA,** joined the IFAC Professional Accountancy Organization Development Committee in January 2019 after being nominated by the Institute of Public Accountants (IPA). Prof. Conway has been the Chief Executive Officer of IPA since May 2009, which at the time made him the youngest CEO of a public entity at the age of 28. He has been recognized for IPA’s transformation from its former name, National Institute of Accountants, into a leading and legally recognized professional accountancy body in Australia and the region. His leadership of IPA led to the organization’s recognition as the most innovative accounting body in Australia in 2012 by BRW. Prior to working with IPA, Prof. Conway was an Australian Government Treasury Ministry Chief of Staff and Senior Advisor. In 2001, he was awarded the Centenary of Federation Medal through the Order of Australia and in 2011, he was awarded Australian Young Professional of the Year and appointed a Professor of Accounting at the Shanghai University of Finance and Economics (honoris causa). That same year he was appointed by the Governor of Victoria as a Director of Eastern Health. Prof. Conway was awarded the Australian Financial Review, Boss Magazine Young Executive of the Year in 2014. And in 2015, he was awarded the Deakin University Young Alumni Award for his outstanding and significant contribution to the profession and to the community. The following year, he was presented with a Distinguished Fellow award by the Vice-Chancellor of Deakin University and appointed as an Adjunct Professor at the University where he lectures for Deakin’s MBA program. A long-standing advocate for small business, Prof. Conway has been championing the cause of small business policy and is regarded as one of the key activists of the future of small- and medium-sized entity policy in Australia.

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