

EFFECTIVE GOVERNANCE AND RISK MANAGEMENT: BUILDING SUSTAINABILITY AND INTEGRITY

SPEAKER: SITI ROSNAH MD HASHIM
LEMBAGA HASIL DALAM NEGERI MALAYSIA

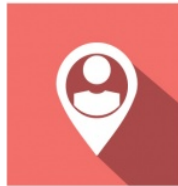
MARIM CONFERENCE 2018
RENAISSANCE KUALA LUMPUR HOTEL
18 JULY 2018



About Inland Revenue Board of Malaysia (IRBM)



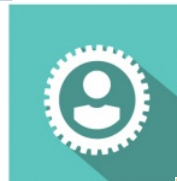
Governance in IRBM: Building Integrity



IRBM's RM: Building Sustainability



Recognition



Challenges



Way Forward



ABOUT IRBM

FUNCTIONS OF IRBM

To Collect
DIRECT TAXES on
behalf of the
Government

To
ADVISE THE GOVERNMENT ON TAX related
matters

Other functions as
DIRECTED BY GOVERNMENT AND ANY OTHER WRITTEN LAW

Act as a **COLLECTION AGENT** for and on behalf of
any body for the recovery of
loans due for repayment to
that body under any written
law.

To participate in
TAX DISCUSSION
between Malaysia
and other parties

FEDERAL GOVERNMENT'S REVENUES



MOF

TAX

NON TAX

Direct

Indirect



INLAND REVENUE BOARD MALAYSIA

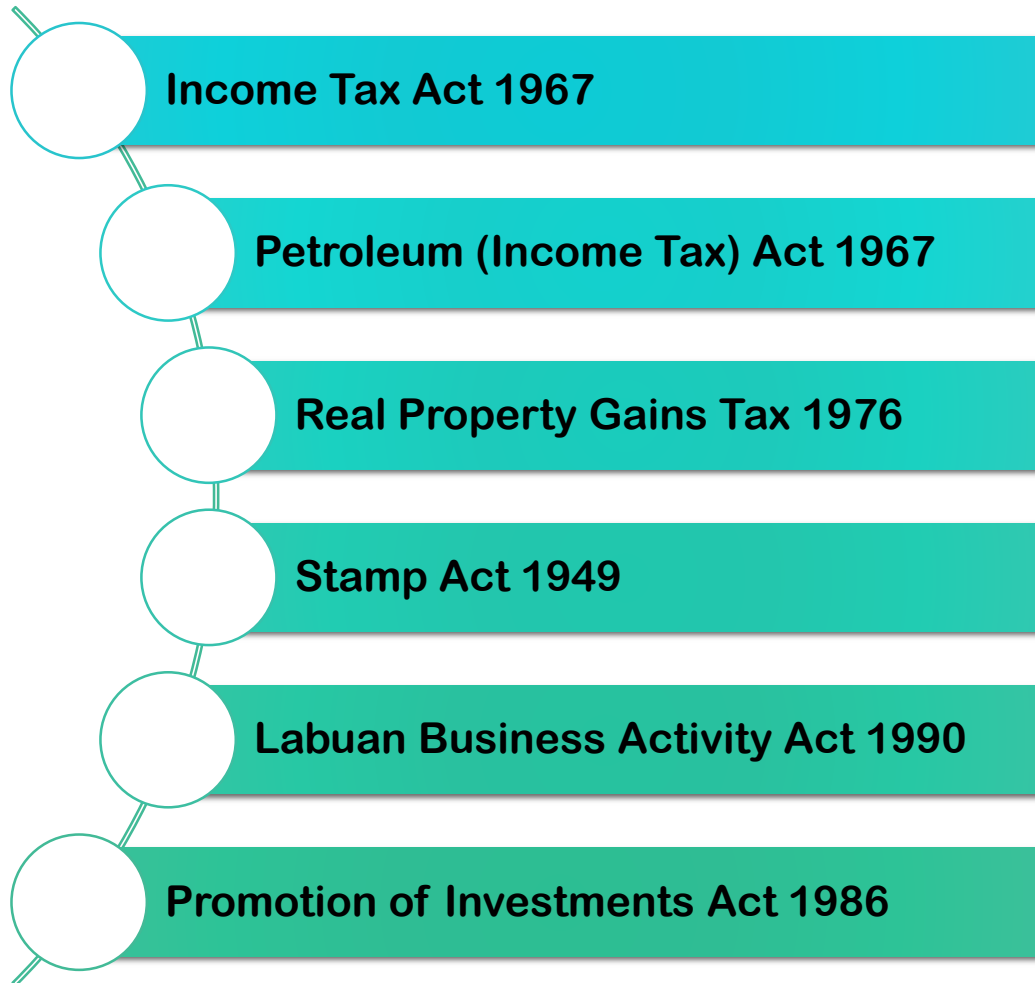
ROYAL MALAYSIAN CUSTOM DEPARTMENT

- ❖ Income Tax
- ❖ Petroleum Tax
- ❖ Stamp Duty
- ❖ Real Property Gains Tax

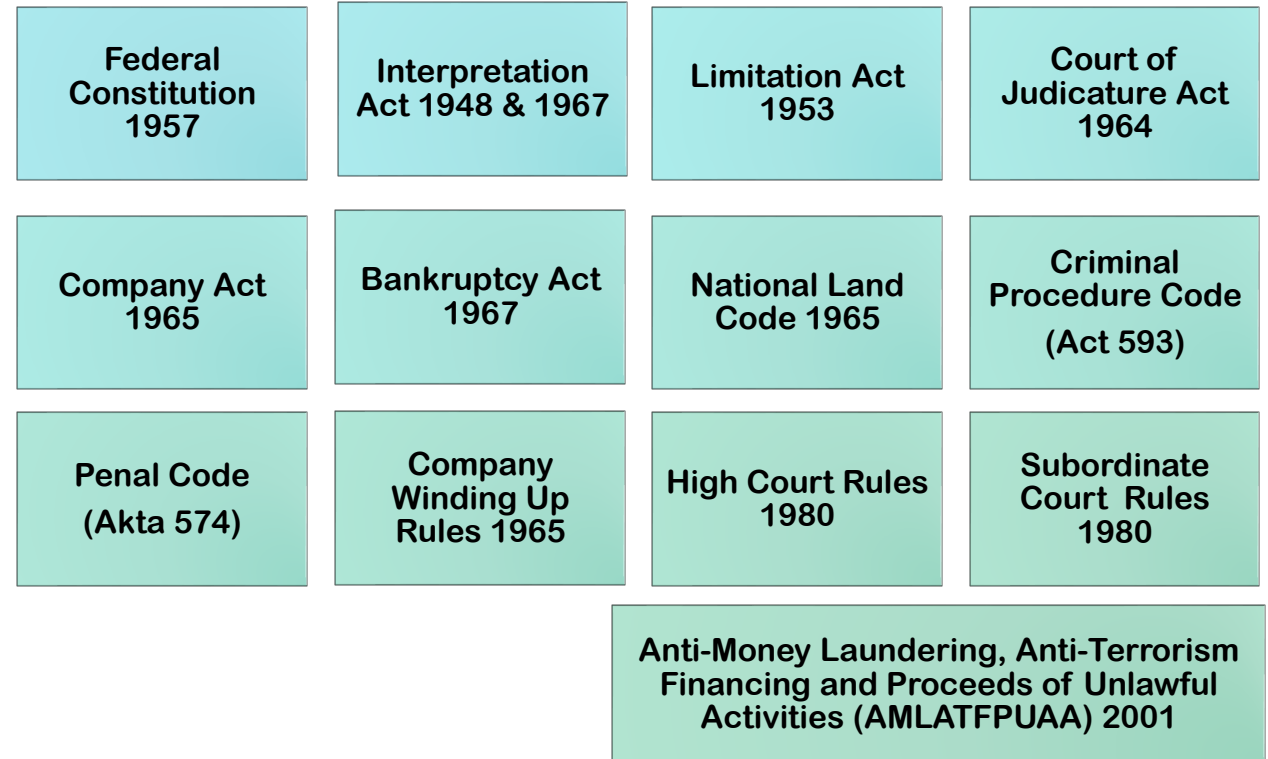
- ❖ Goods & Services Tax / SST
- ❖ Import Duty
- ❖ Export Duty
- ❖ Excise Duty

- ❖ Revenues from government services
- ❖ Dividend & Interest from investment
- ❖ License
- ❖ Road Tax
- ❖ Fines & Penalties
- ❖ Others

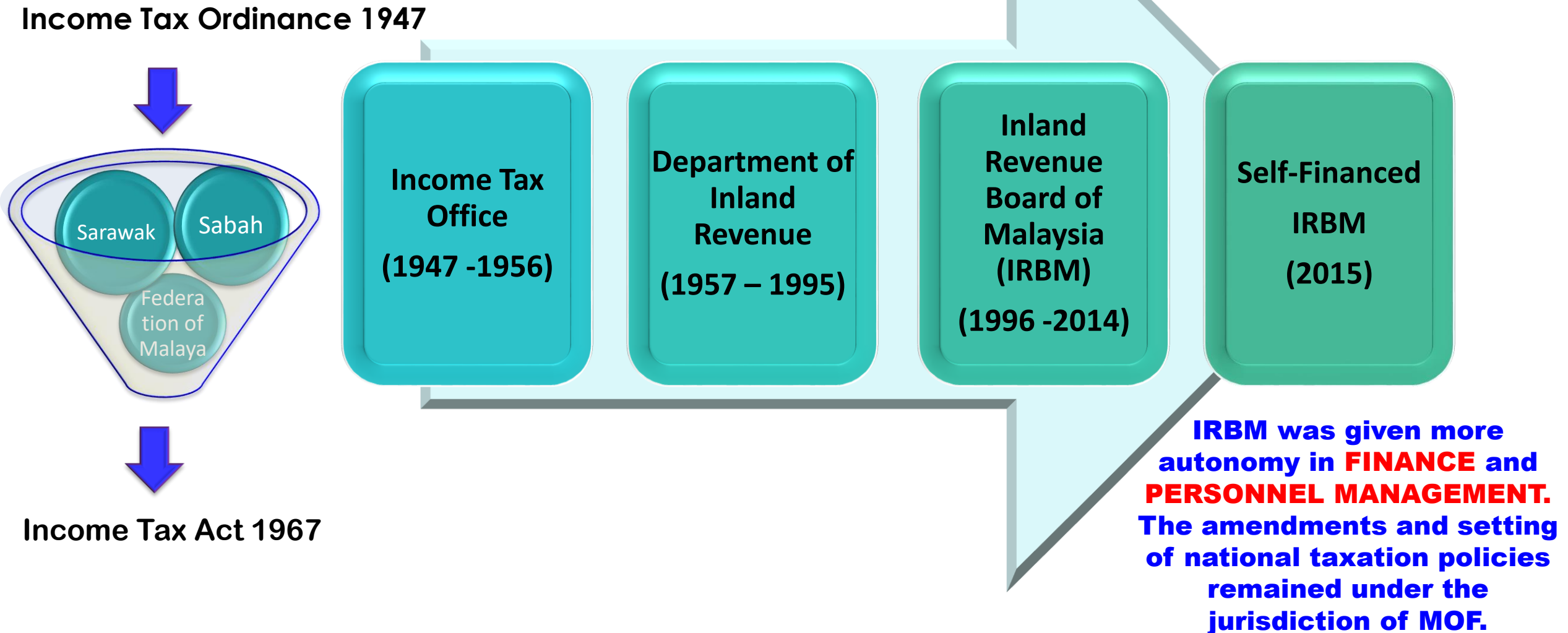
ADMINISTRATION OF LAWS



COMPLYING WITH OTHER LEGISLATIONS



ORGANISATIONAL TRANSFORMATION



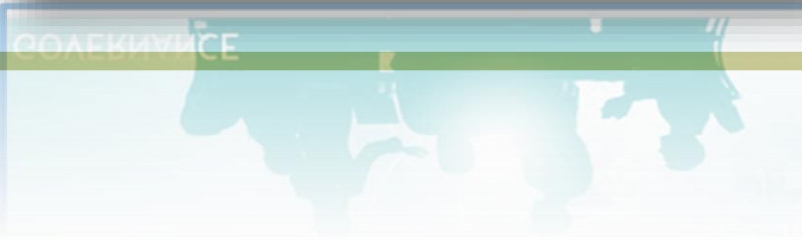


GOVERNANCE IN IRBM: BUILDING INTEGRITY

GOVERNANCE

GOVERNANCE is the combination of **PROCESSES** and **STRUCTURES** implemented by the BOD to **INFORM, DIRECT, MANAGE** and **MONITOR** the activities of organisation toward achieving its **OBJECTIVES**.

**Corporate
Governance**



**Human
Governance**



IRBM'S CORPORATE GOVERNANCE

The 4 cornerstones of OUR good corporate governance:

- Board of Directors (Audit Committee)
- Executive Management (CEO)
- Internal Auditor
- External Auditor



HUMAN GOVERNANCE

The Focus of **SUBJECT FOR GOVERNANCE:**

Governing the **INDIVIDUAL (HUMAN)** rather than the **CORPORATIONS**

(THE INSIDE-OUT VALUE)

To Regulate Organization:
HUMAN VALUES and
PRINCIPLES

LEADERS as the Guiding Force in the compliance process:

Realign Organizations back to **HUMAN BEINGS, TO HUMAN EMOTIONS, TO HUMAN SPIRIT AND TO VALUES.**

PERFORMANCE

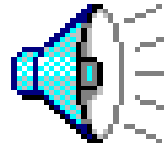


Enterprise

The need to succeed

DOING WELL

Business objectives



CONFORMANCE



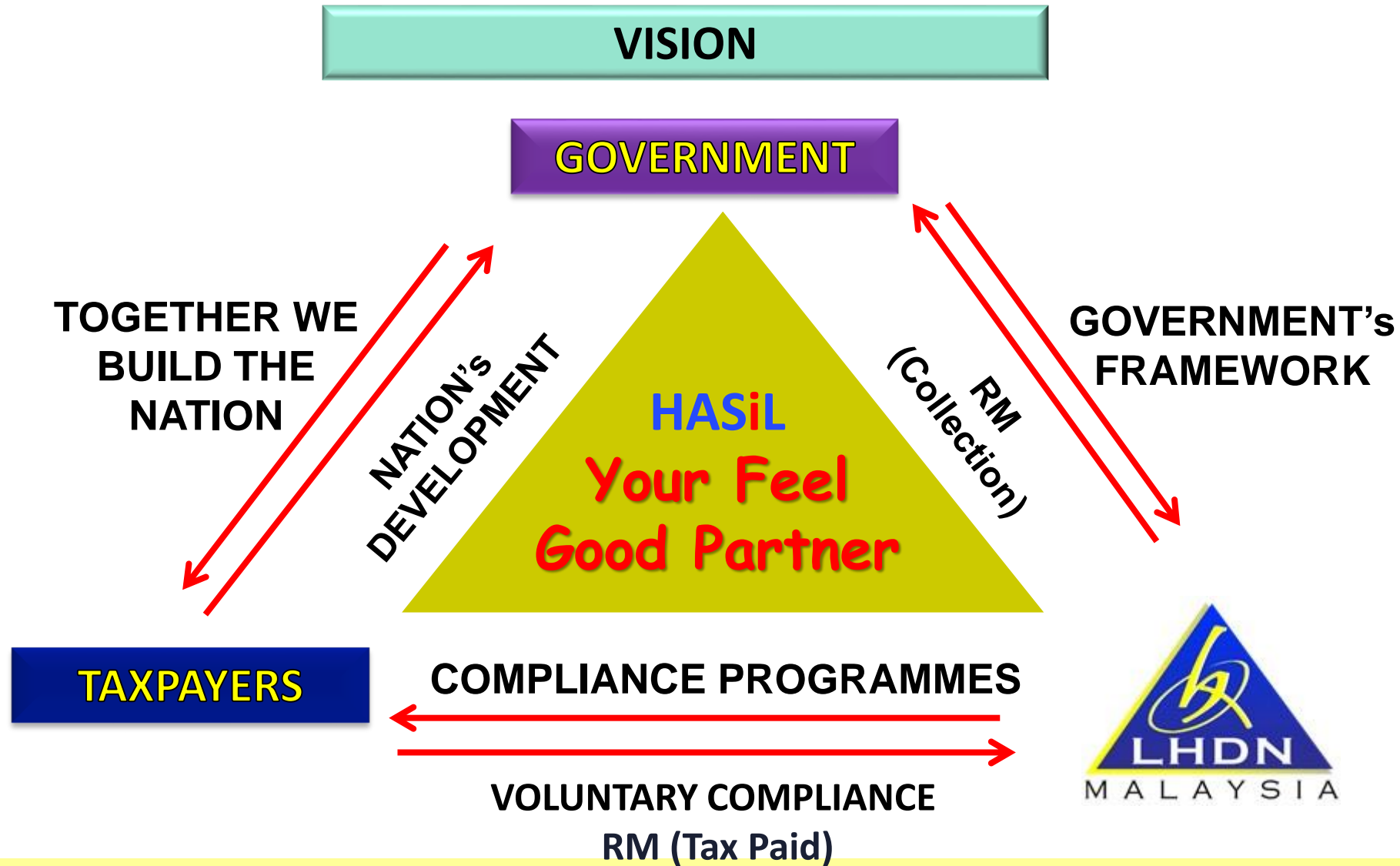
Accountability & Transparency

The need to behave

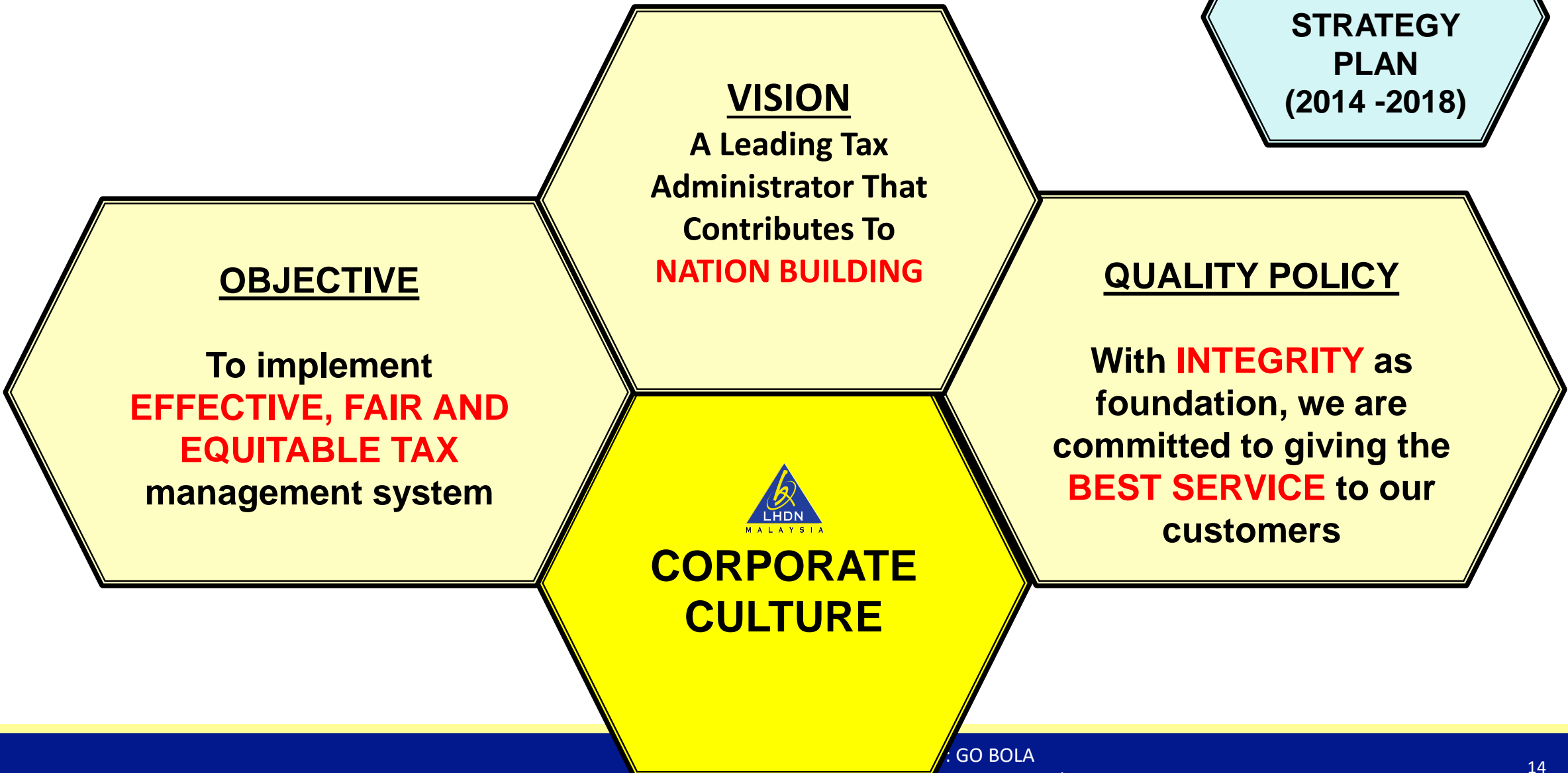
DOING GOOD

Business responsibilities

STAKEHOLDERS RELATIONSHIP



CORPORATE CULTURE



OBJECTIVE

To implement
**EFFECTIVE, FAIR AND
EQUITABLE TAX**
management system

VISION

A Leading Tax
Administrator That
Contributes To
NATION BUILDING

QUALITY POLICY

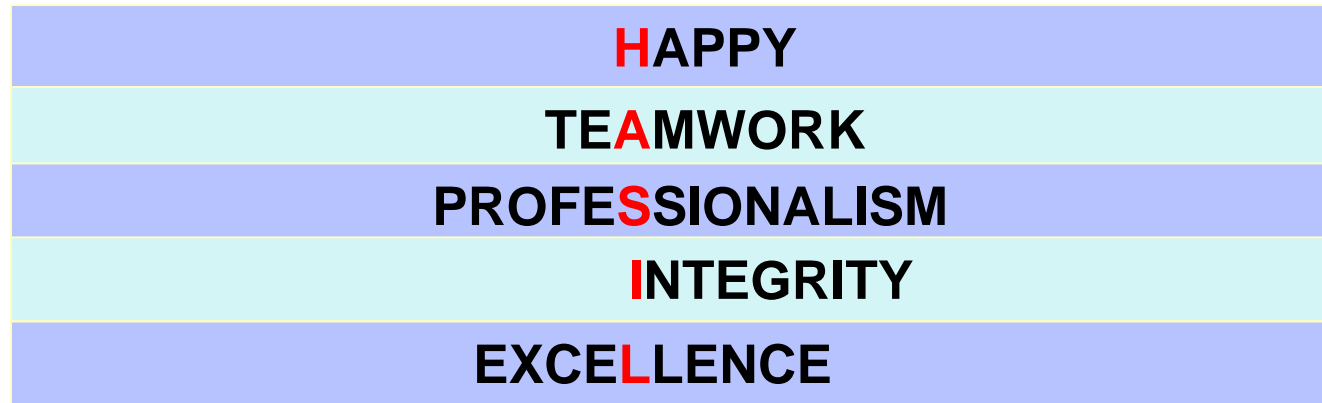
With **INTEGRITY** as
foundation, we are
committed to giving the
BEST SERVICE to our
customers



**CORPORATE
CULTURE**

OUR CORE VALUES

HASiL Teman Keceriaan Anda
Your Feel Good Partner

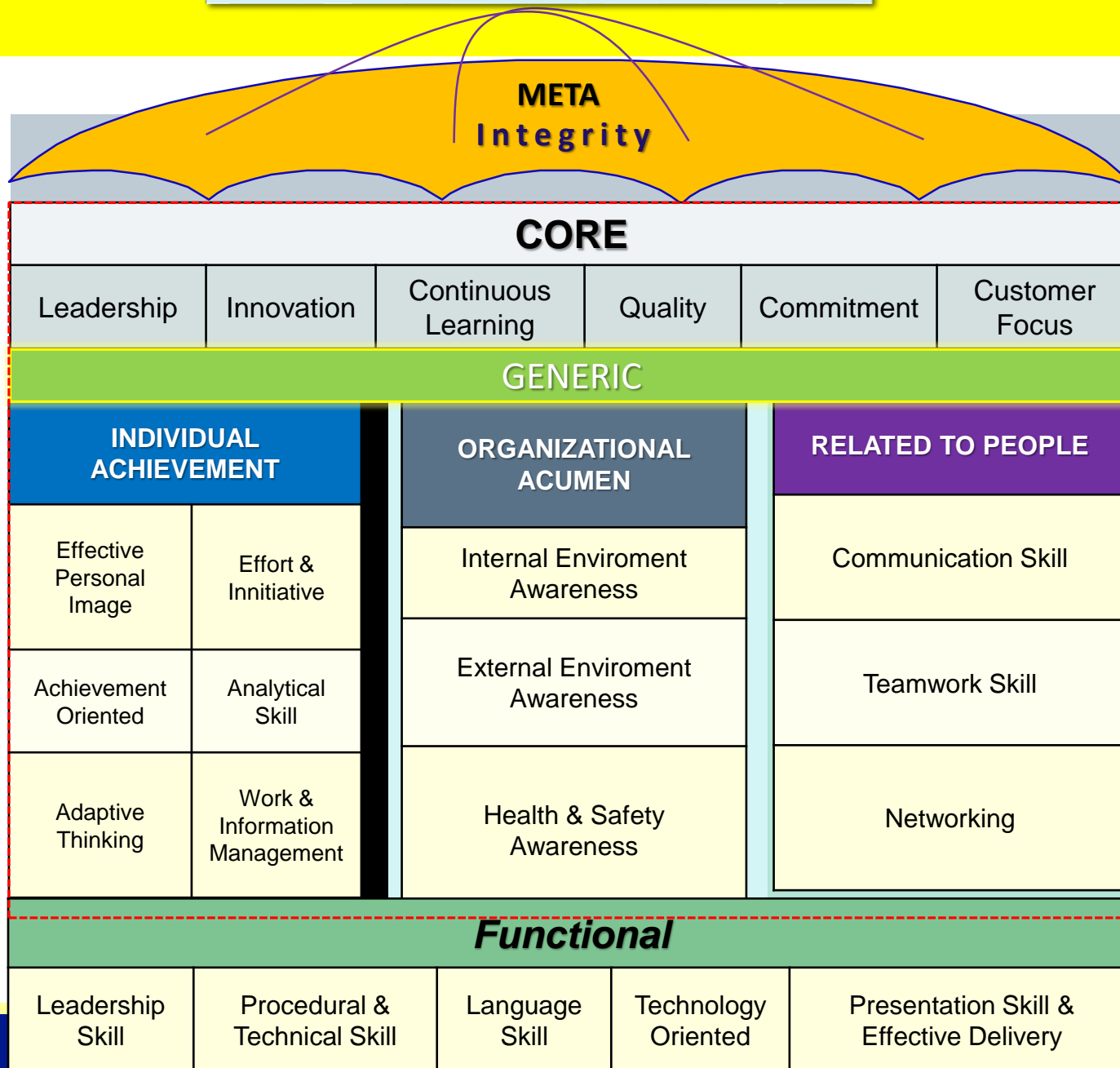


Hasilian always excited and happy in working as a team with professionalism and **integrity** as the trust in achieving excellence.

To IRBM, **integrity** embodies the application of core values, principles and norms in daily operations (systems, processes, procedures).

IRBM steadfast in making **integrity** as the culture and to produce human capital with competence, professionalism, **integrity** and dedication.

OUR COMPETENCY MODEL



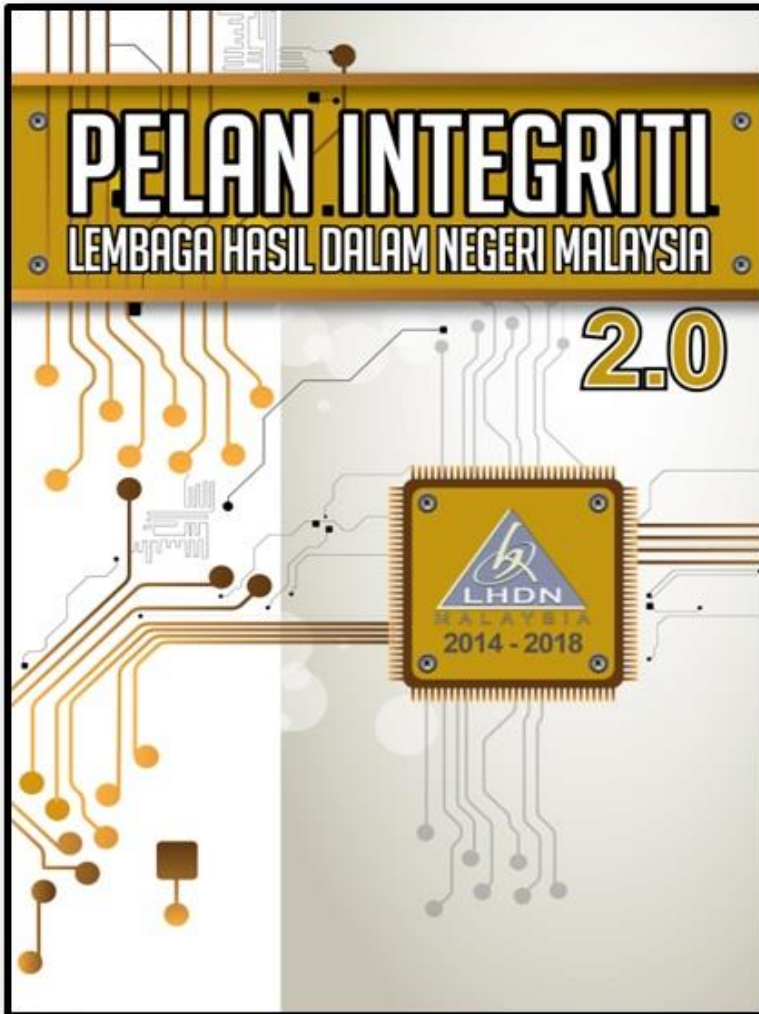
META



GENERIC

FUNCTIONAL

OUR STRATEGIC INTEGRITY PLAN



PIL 2.0 (YEAR 2014 UNTIL 2018)

STRATEGY 1	To Enhance Effectiveness Of Governance
STRATEGY 2	To Enhance Effectiveness Of Service Delivery
STRATEGY 3	To Enhance Awareness Programme Against Abuse Of Power, Misappropriation And Corruption
STRATEGY 4	To Enhance Administration Of A Fair System
STRATEGY 5	To Enhance Management Of Human Resource
STRATEGY 6	To Enhance Integrity Through The General Approach Family Institution

IRBM CORPORATE INTEGRITY PLEDGE (CIP)

The IRBM CIP consists of principles to adopt and demonstrate its commitment toward creating a business environment that is **FAIR, TRANSPARENT AND FREE FROM CORRUPTION.**

The IRBM CIP was signed by CEO of IRBM on 13 November 2013 witnessed by Chief Commissioner of Malaysian Anti-Corruption Commission and Director of Socio Cultural Sector from Integrity Institute of Malaysia.

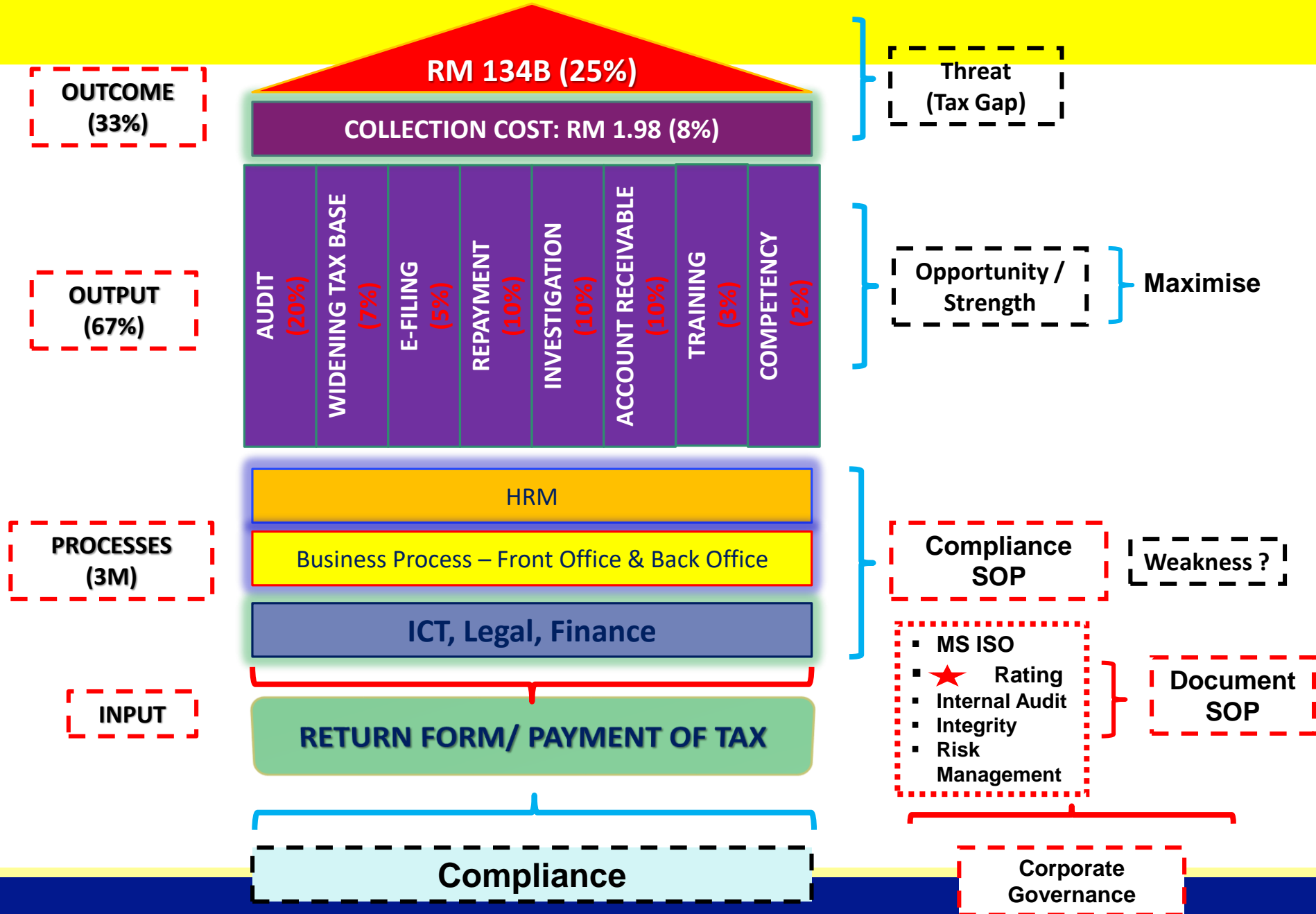


*IRBM CIP Signing
Ceremony*

13 November

2013

OUR KPI & OUTCOME RELATIONSHIP MODEL





**IRBM'S RISK
MANAGEMENT:
BUILDING
SUSTAINABILITY**

CHALLENGES FOR TAX ADMINISTRATION

Key challenges for an administration tasked with collecting revenue on behalf of Government

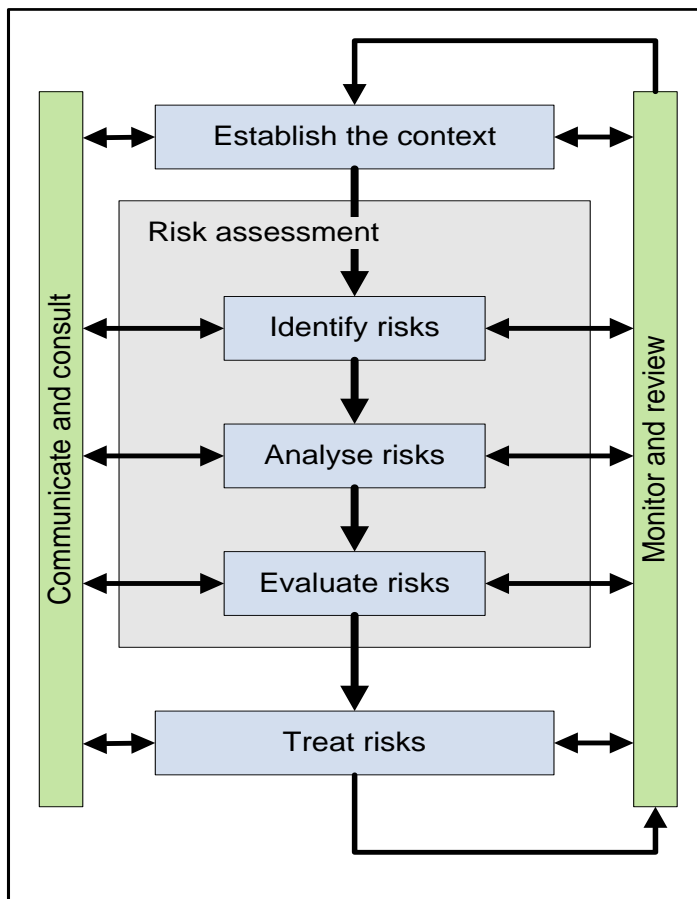
Enforcing Compliance to ensure appropriate taxpayer compliance :

- the right taxpayer pays
- the right amount of tax
- at the right time

**IT IS JUST NOT ONLY ABOUT COMPLIANCE
BUT ALSO CONFORMANCE**

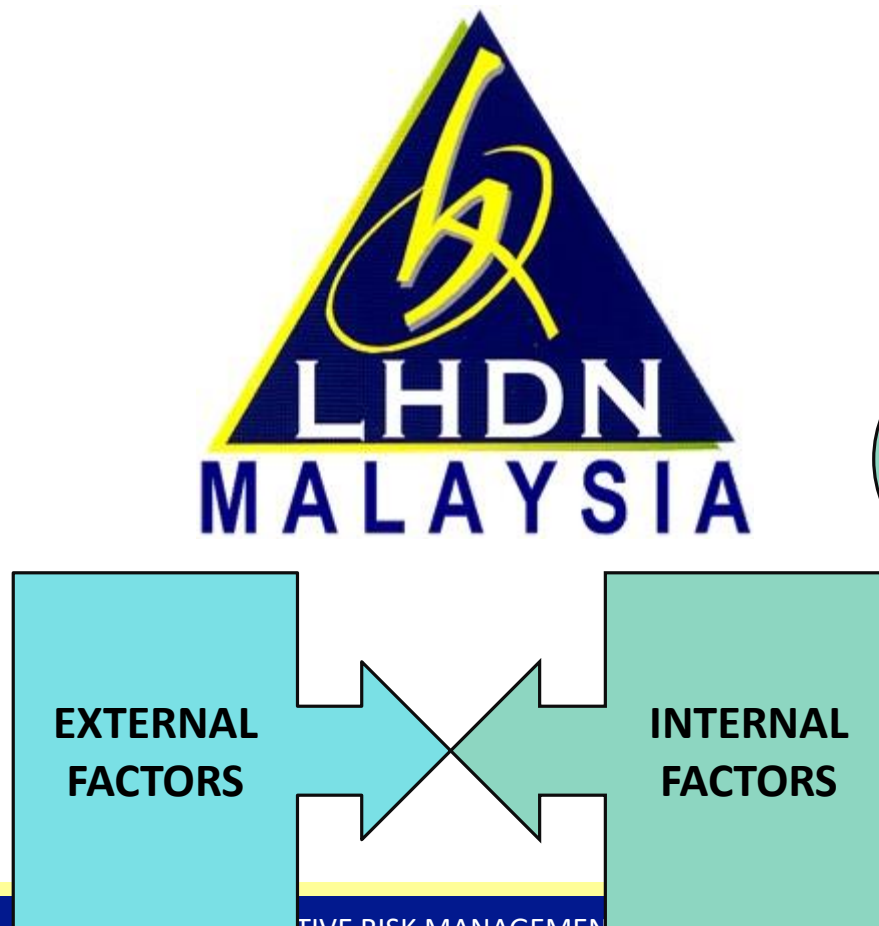
ALIGNING RISK MANAGEMENT STANDARD WITH ERM STRATEGIC PLANNING

The Standard

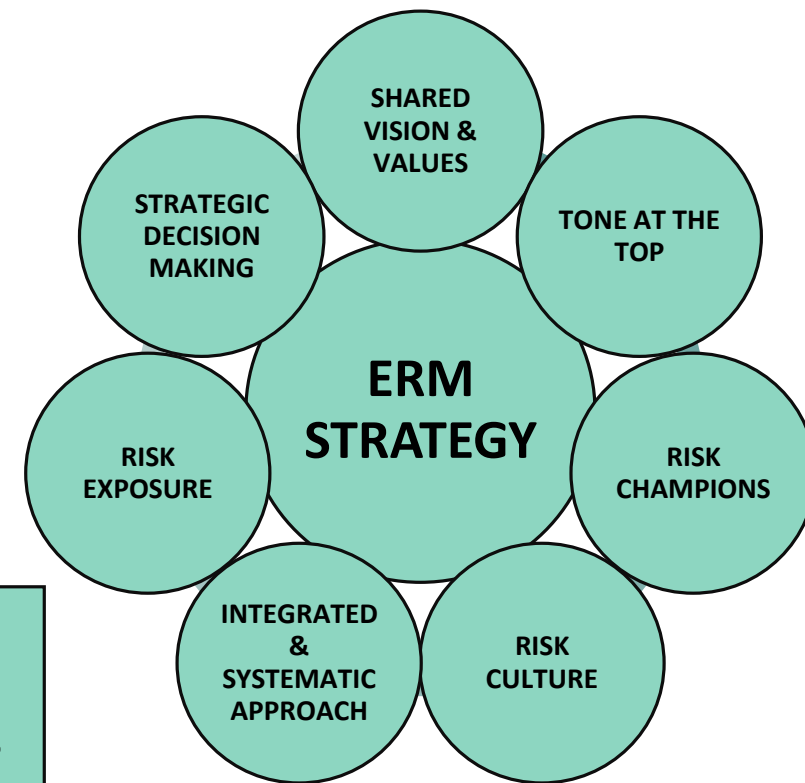


Reproduced from ISO 31000:2009

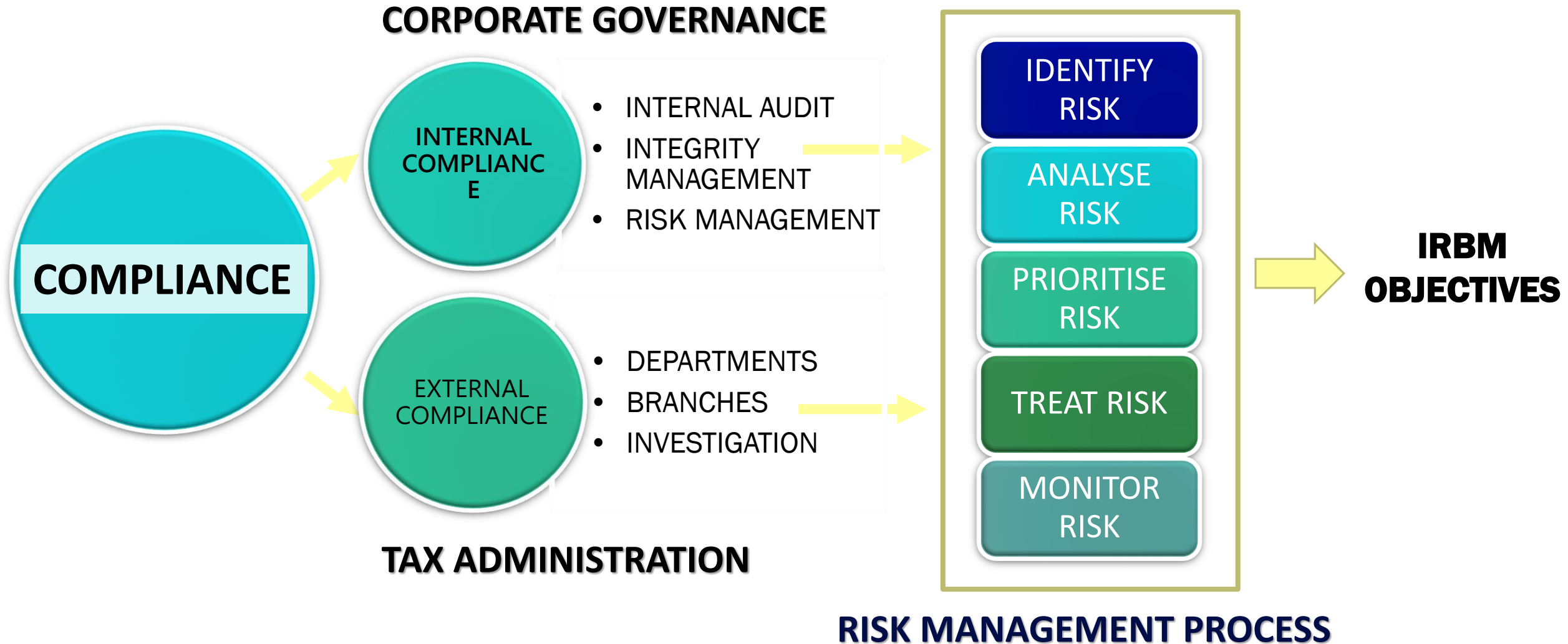
Organisational Context



Strategy



GOVERNANCE RISK MANAGEMENT



HOW AND WHEN IT STARTED

1 March 2009:
Risk Management under
Department of
Investigation (Risk
analysis of tax
investigation cases)

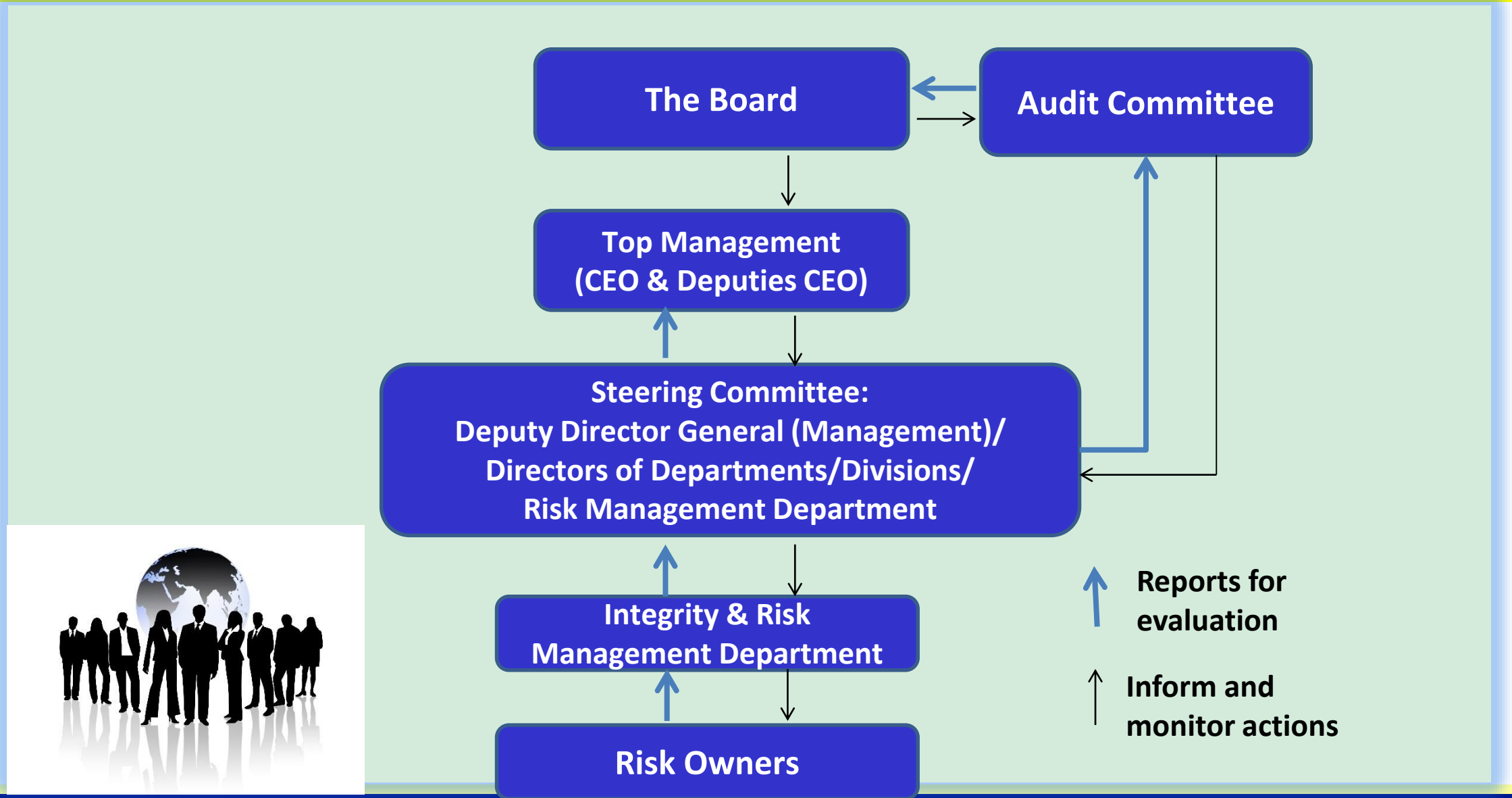


1 July 2011:
Risk Management
Division under the CEO
Office (Implementation
of ERM)



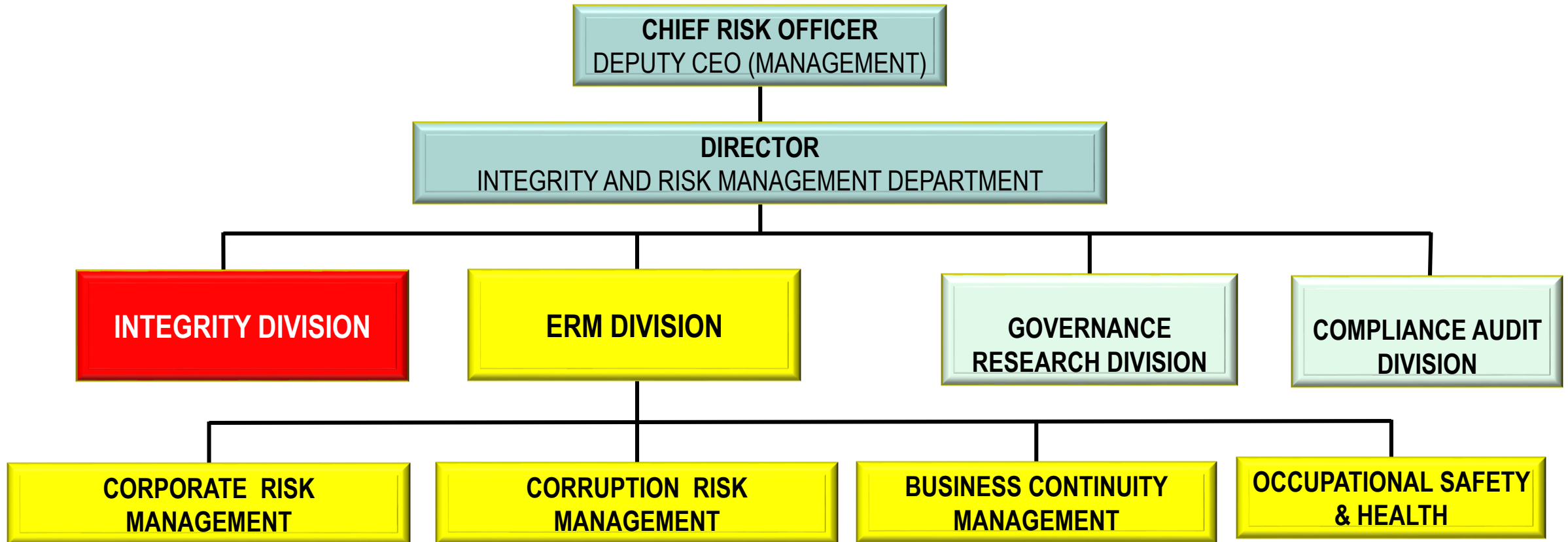
1 February 2017: Merge
with Department of
Integrity to become
Department of Integrity
and Risk Management

IRBM RISK MANAGEMENT GOVERNANCE STRUCTURE



ORGANISATION STRUCTURE

DEPARTMENT OF INTEGRITY AND RISK MANAGEMENT



FUNCTIONS OF ERMD IN IRBM

1

Implement RM activities and promotes RM awareness amongst the Hasilian

2

Ensures RM is implemented uniformly and according to the ISO 31000 standards

3

Advisor to the top management and the Board on risk management matters

4

Advises and assists risk owners on risk identification and risk ratings

5

Analyses risk registers and requests feedbacks from process owners

6

Prepares Corporate Risk Profiles annually

7

Prepares RM reports and presents to the RM committees, top management and the Board

8

Prepares and updates RM Framework, RM Plans dan Guidelines

ERM IN IRBM



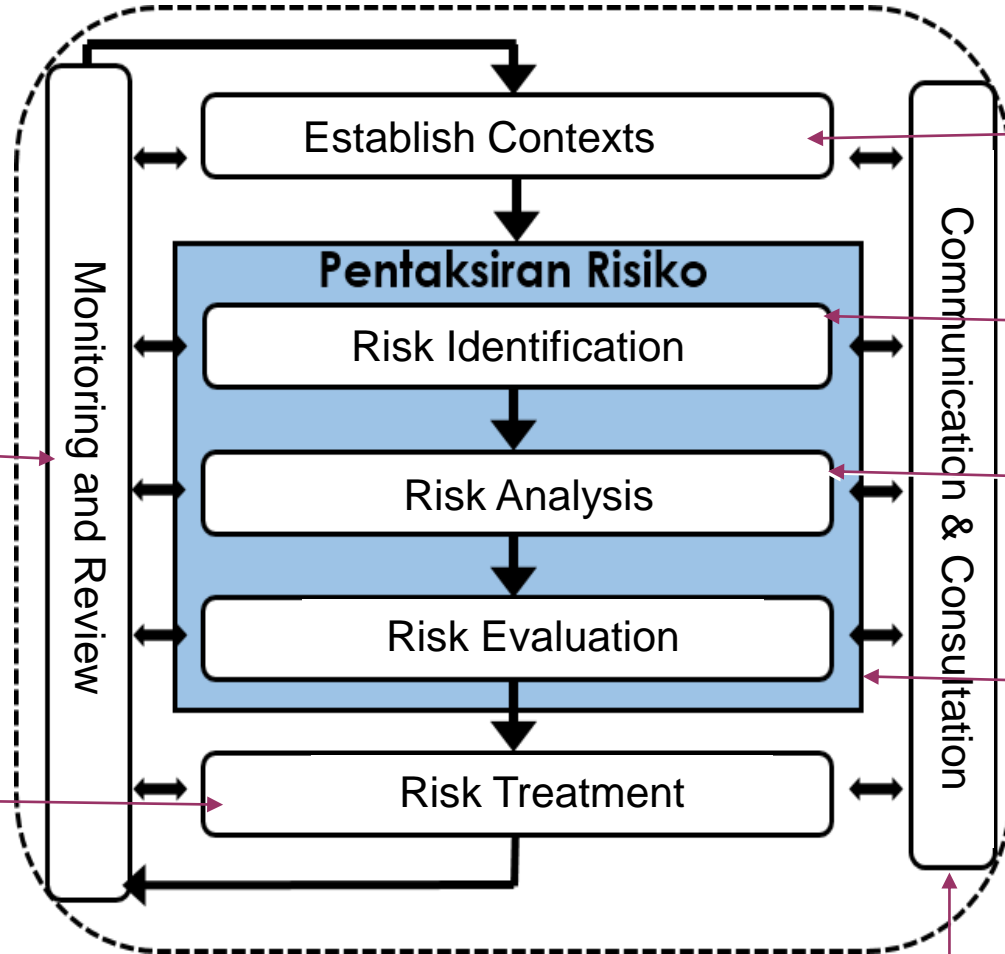
STANDARDIZATION & RULES OF ERM



Manuals, Framework and Guidelines are prepared and published as reference and guidance to ensure implementation of ERM in IRBM is systematic, structured and in accordance with the international standards

- . Monitoring meetings
- . Risk Reviews
- . Risk Management Effectiveness Studies

Risk Management Action Plans



Determine the internal & external context

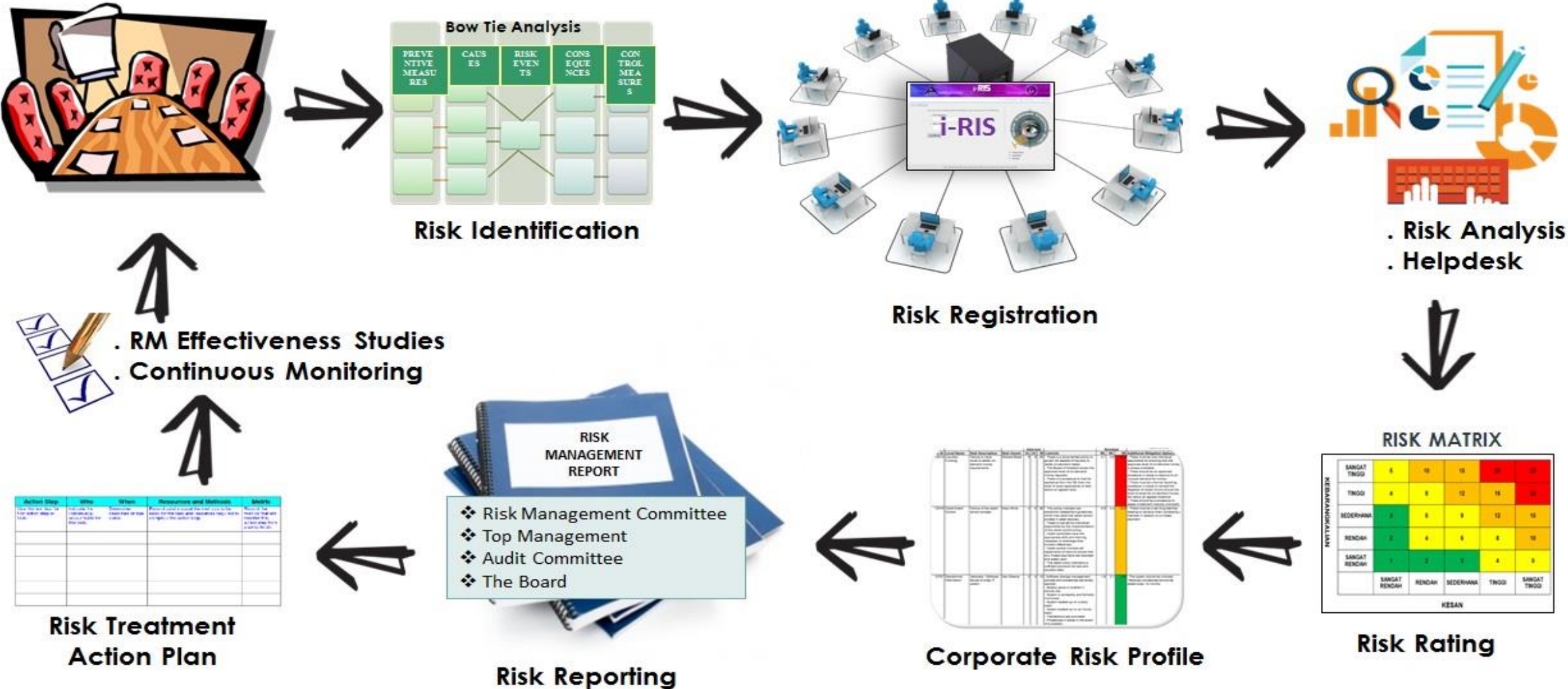
- . Risk description
- . Cause
- . Consequences

- . Probability of occurrence
- . Impact of risk
- . Risk ratings

- . Prioritisation
- . Top 10 Risks

- . Reports . Briefings . *Helpdesk*
- . Meetings . Workshops . Articles

ERM PROCESS FLOW



- Implementation of i-RIS
- Online Risk Registration
- Study on Single Point of Failure (SPOF)
- Study on Risk of Duty Stamps Operations
- Study on Noncompliance of Road Regulations by IRBM drivers
- Risk Management Workshops for Risk Officers

- Publication of Risk Appetite Statement
- Corporate Risk Profile
- Study on the Risk of Mandatory e-Filing
- Study on Noncompliance of Internal Directives/Orders
- Risk Management Workshops for Risk Officers

- Establishment of Risk Management Department
- Preparation and publication of Risk Management Manual
- Risk Management Roadshows
- Articulation of Risk Management Policy

2011

2012

2014

2013

2015

2016

- Tax Compliance Risk Management - Pilot Test
- Project Risk Management
- ICT Security & Cyber Security Risk Management
- Risk Management Effectiveness Study
- Study on Risk of Hiring Audit & Investigation Contract Officers
- Study on Risk of Social Media
- Risk Management Workshops for Risk Officers

2017

2018

- Fraud Risk Management
- Key Risk Indicators
- ERM Competency Workshop for ERM Personnel
- ERM Convention 2017 for Risk Care Officers
- Risk Management Effectiveness Study
- Governance & ERM Roadshow II

- Corruption Risk Management
- ERM Convention 2017
- Five Risk Management Effectiveness Study
- Governance & ERM Roadshow I
- ERM consultation to other government body

OUR MILESTONES

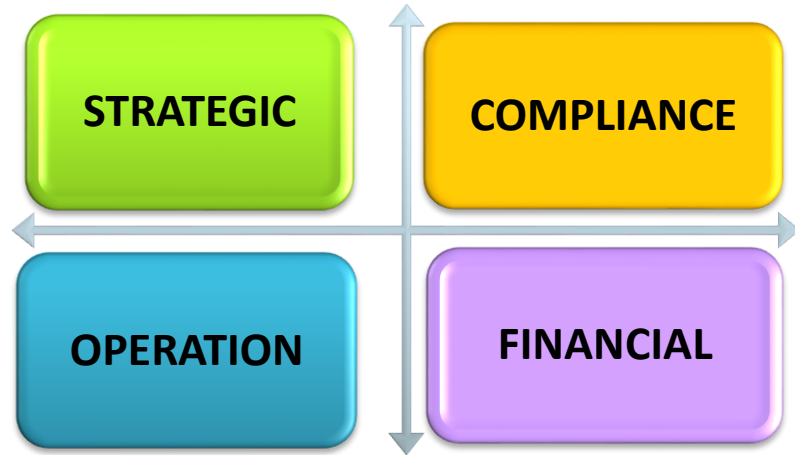
... and the journey will continue...



Corporate Risk Management

RISK CATEGORY & TYPES OF RISK

RISK CATEGORY



TYPES OF RISK



RISK MATRIX

KEBARANGKALIAN	SANGAT TINGGI	5	10	15	20	25
	TINGGI	4	8	12	16	20
	SEDERHANA	3	6	9	12	15
	RENDAH	2	4	6	8	10
	SANGAT RENDAH	1	2	3	4	5
		SANGAT RENDAH	RENDAH	SEDERHANA	TINGGI	SANGAT TINGGI

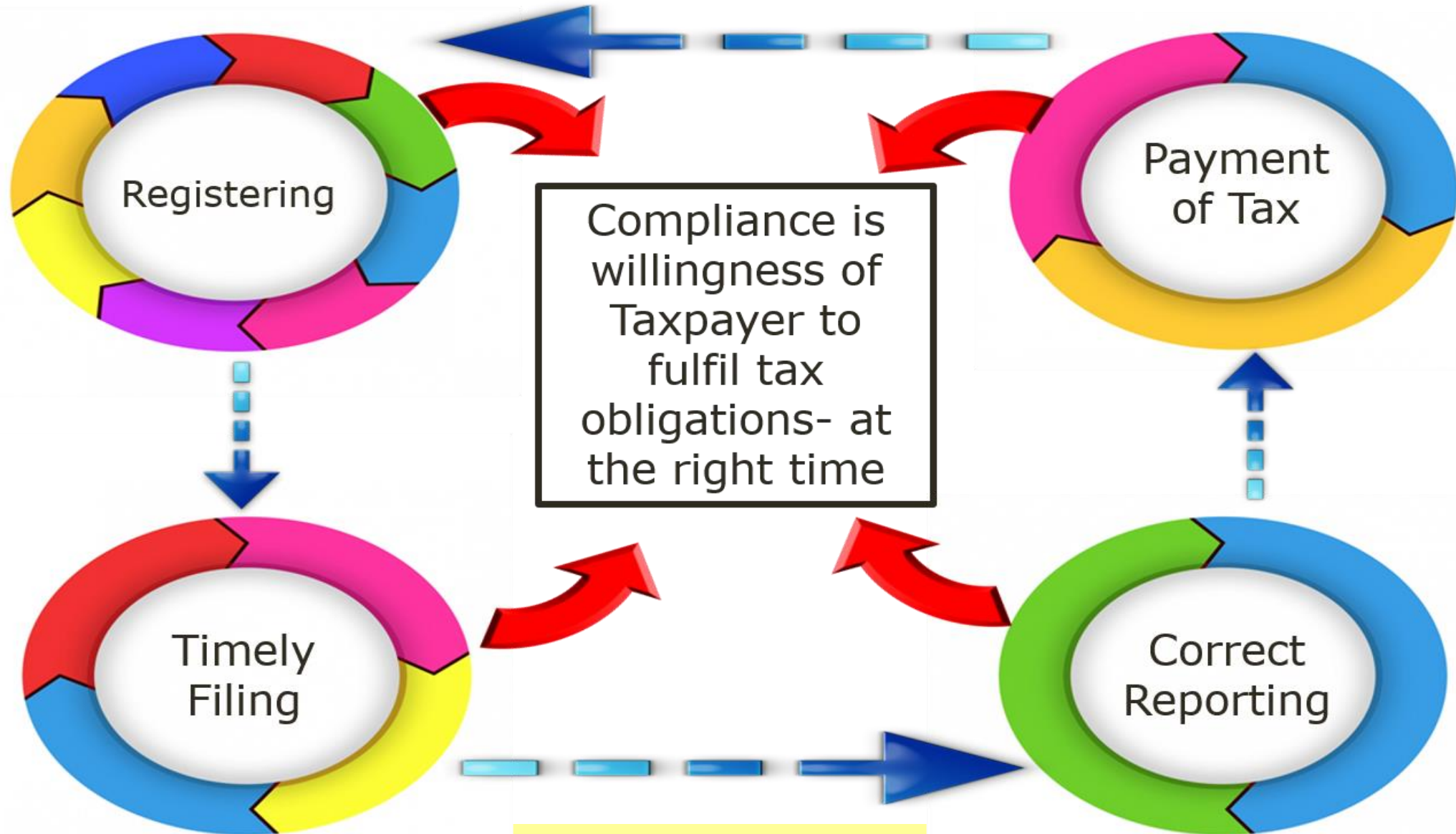
KESAN

Penaratan	Penerangan	Pelan Tindakan
1-3 SELESA	Risiko yang telah dikenalpasti akan diambil maklum memandangkan kesan dan kemungkinan berlakunya risiko adalah rendah.	Tindakan sedea ada adalah memadai. Risiko ini dipantau secara berkala dan memastikan tindakan adalah terkawal.
4-9 WASPADA	Risiko hendaklah diuruskan oleh pemilik risiko untuk memastikan ianya tidak memberi kesan ke atas pencapaian objektif.	Risiko ini boleh dikawal dengan satu atau beberapa pilihan tindakan pemulihan. Pemantauan secara berkala perlu dilakukan untuk memastikan tindakan pemulihan adalah efektif.
10-19 CEMAS	Risiko ini hendaklah dibawa kepada perhatian pihak pengurusan dan perlu di ambikira dalam Strategi Pengurusan Risiko.	Risiko ini diberi perhatian serius agar tidak berubah ke tahap kritikal. Kajian terperinci perlu dibuat dan tindakan pemulihan risiko akan diambil untuk memastikan ianya berkurang ke tahap risiko boleh terima.
20-25 KRITIKAL	Risiko ini hendaklah dimaklumkan dengan segera kepada pihak pengurusan dan ianya perlu diambilkira dalam Strategi Pengurusan Risiko.	Tindakan segera oleh semua pihak termasuk pengurusan atasan dengan kajian terperinci dan pelan tindakan pemulihan.



Tax Compliance Risk Management

TAX COMPLIANCE RISK MANAGEMENT



IRBM TCRM MODEL

TAXPAYERS' BEHAVIOUR

- . Hardcore
- . Reluctant
- . Try to comply
- . Voluntarily comply

STRATEGIES

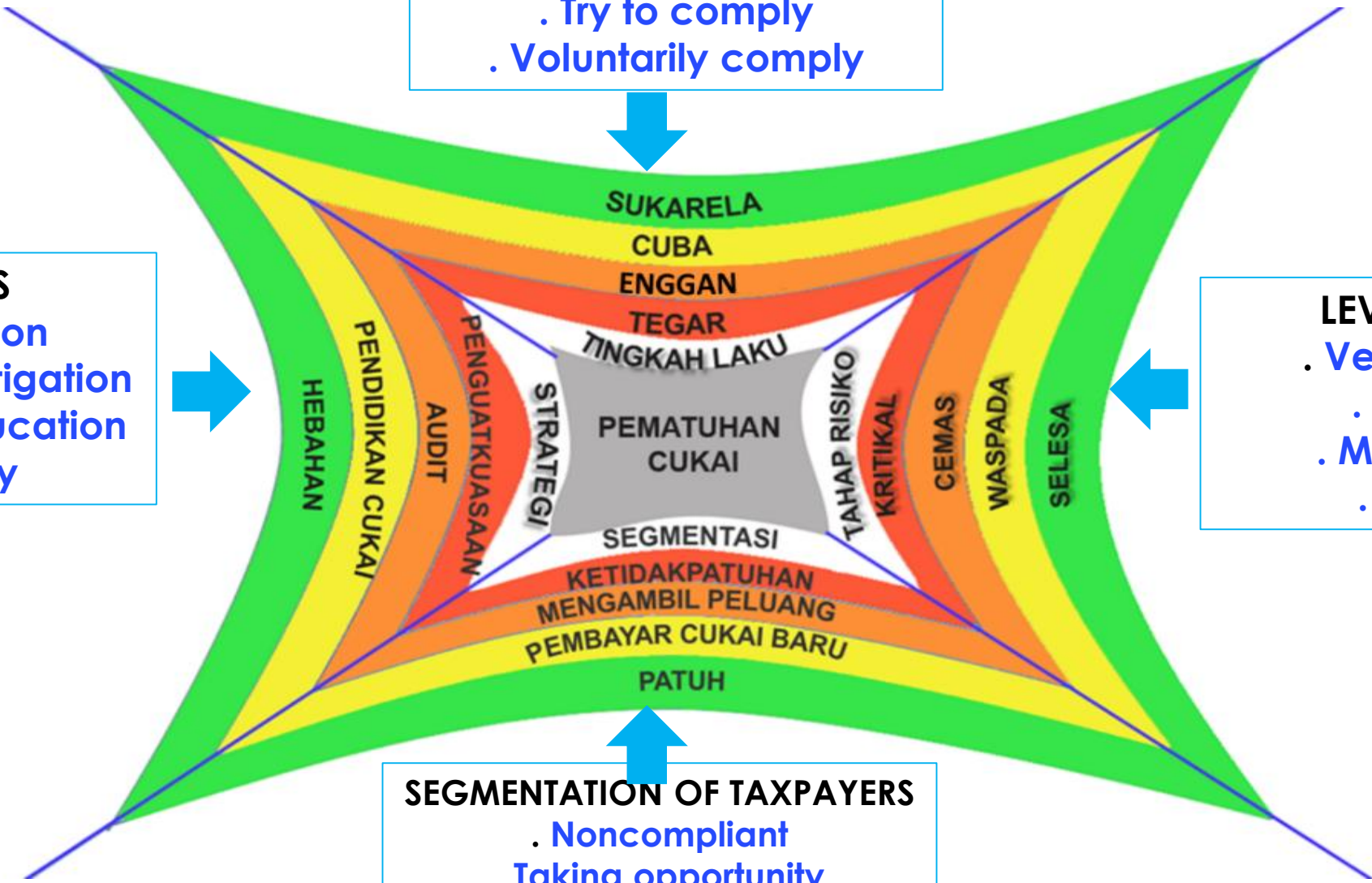
- . Prosecution
- . Audit & Investigation
- . Taxpayer Education
- . Publicity

LEVEL OF RISK

- . Very High Risk
- . High Risk
- . Medium Risk
- . Low Risk

Colour Code

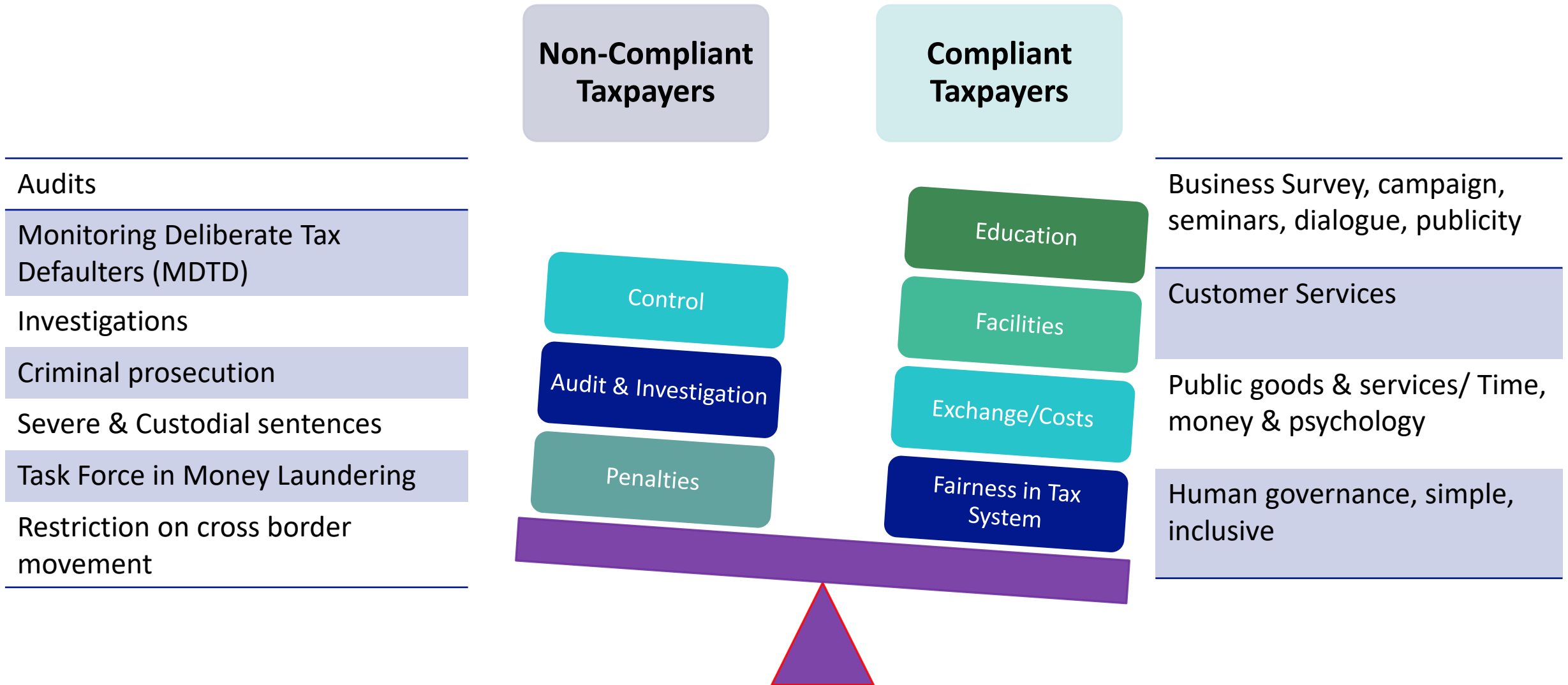
- Tolerable
- Alert
- Panic Button
- Critical



SEGMENTATION OF TAXPAYERS

- . Noncompliant
- . Taking opportunity
- . New taxpayers
- . Compliant

TAX COMPLIANCE MANAGEMENT STRATEGIES



TAX COMPLIANCE MANAGEMENT STRATEGIES

SERVICE DELIVERY SYSTEM - ONLINE

ezHASiL



Other Online Services



idea_desire@hasil.gov.my





Corruption Risk Management

CORRUPTION RISK MANAGEMENT

DEPARTMENT OF INTEGRITY AND RISK MANAGEMENT

ENTERPRISE RISK MANAGEMENT DIVISION

INTEGRITY DIVISION

ACTIVITIES

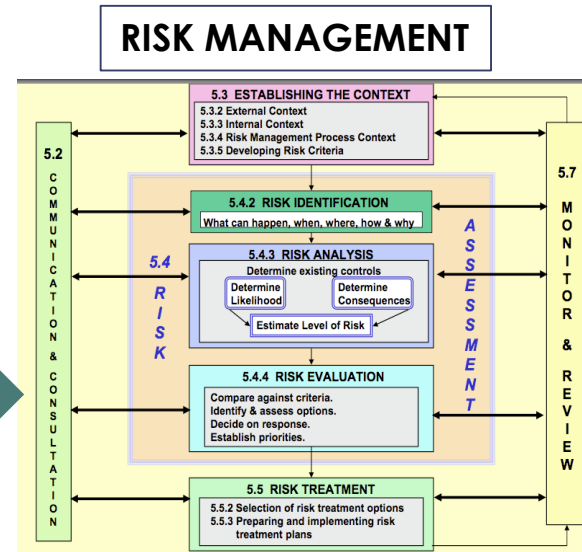
- Briefing on CRM by ACA officers
- Corruption Free Pledge
- CRM Plan
- Workshop to identify corruption risks
- Corruption Risks Profile
- Launching and publication of IRBM CRM Plan





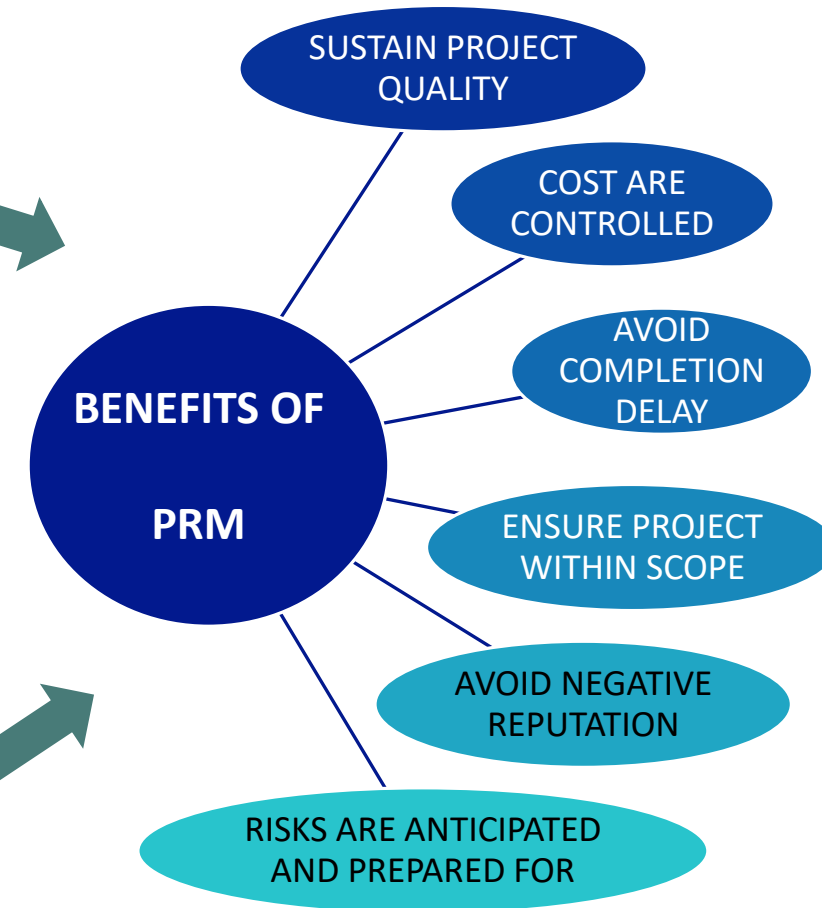
Project Risk Management


PROJECT RISK MANAGEMENT



ROLES & RESPONSIBILITY

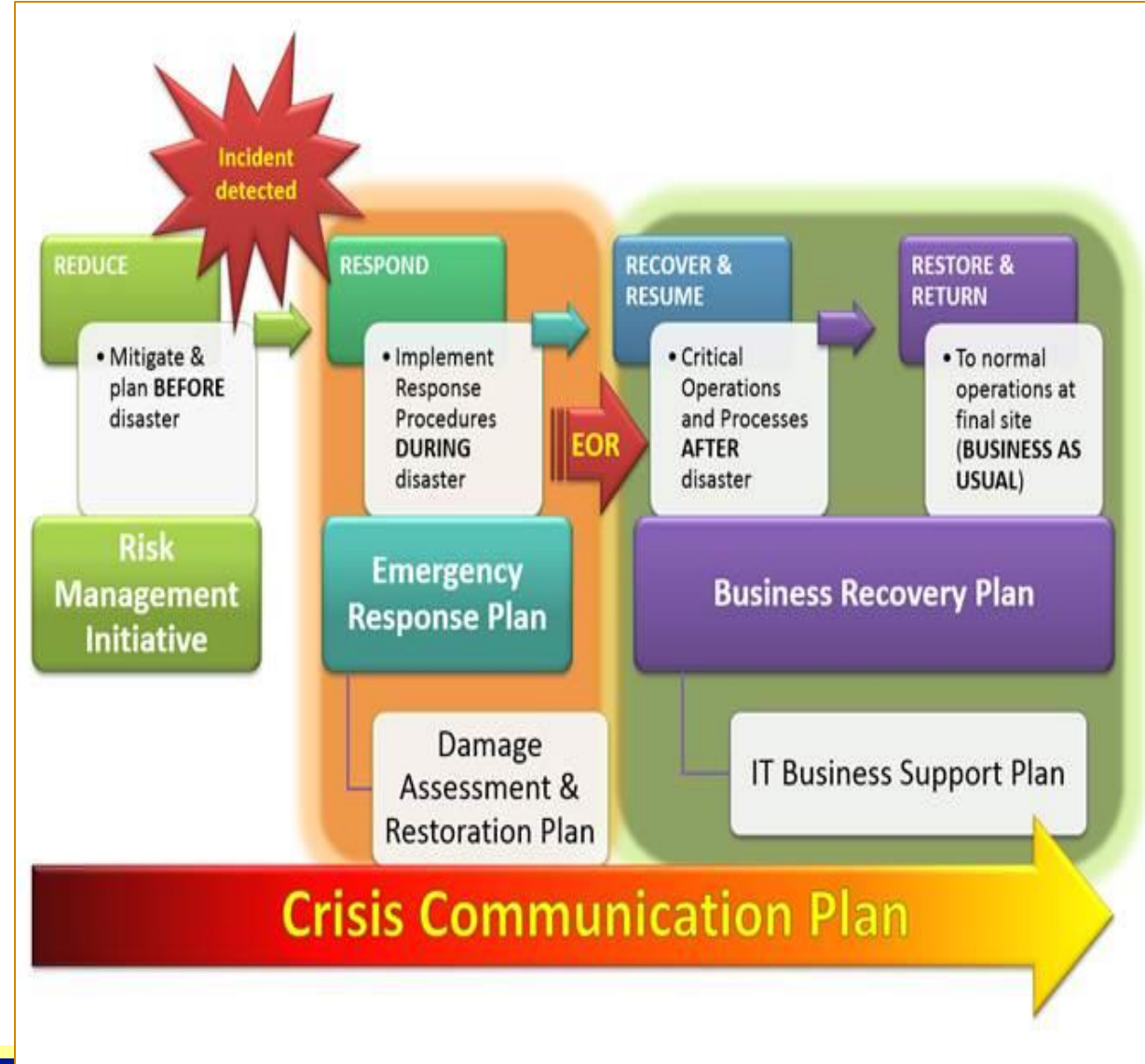
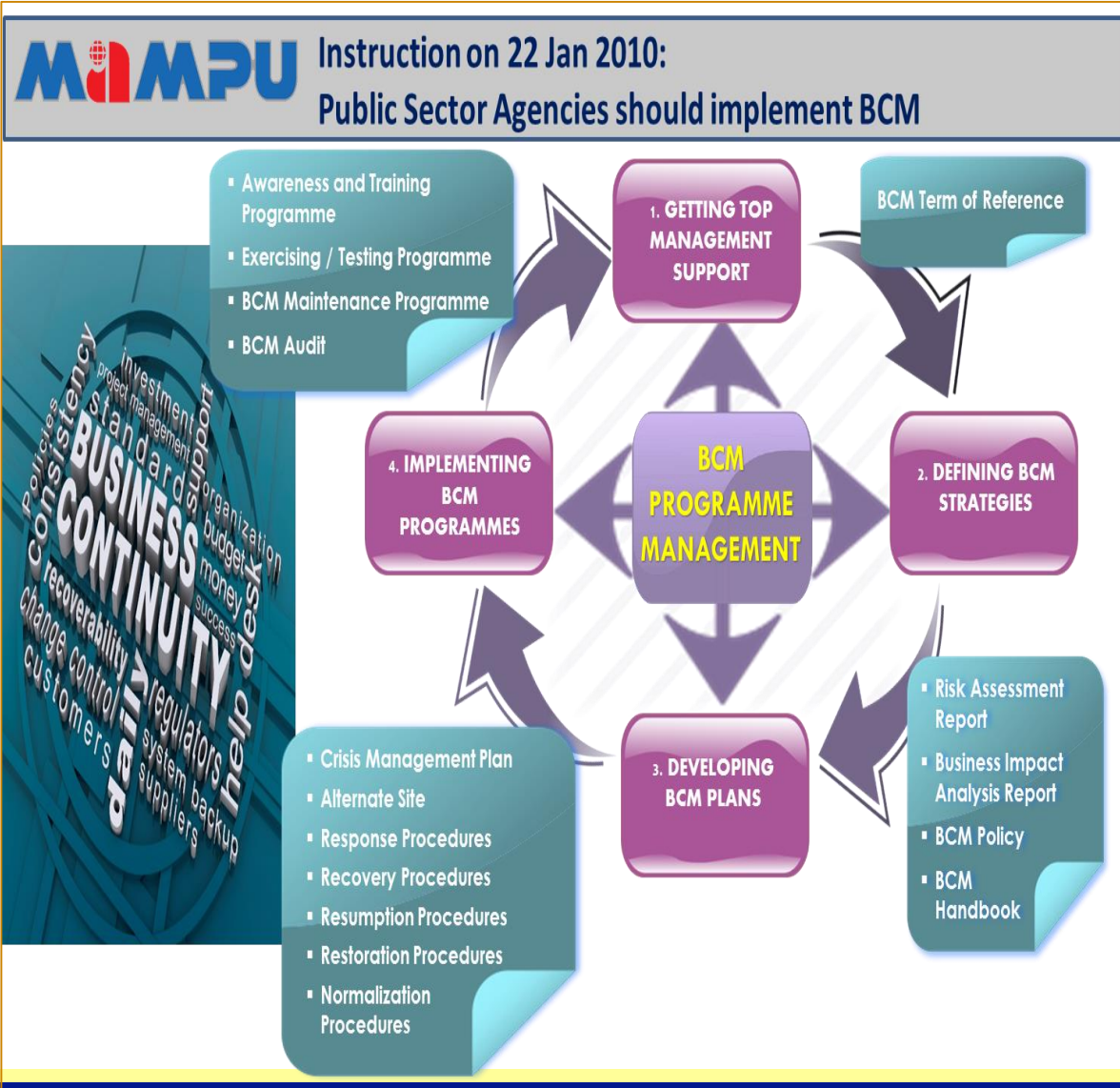
Kumpulan	Tanggungjawab
Lembaga Pengarah	<ul style="list-style-type: none"> Mengkaji Laporan Pengurusan Risiko. Memberi bimbingan dan nasihat kepada pihak stakeholder yang berkaitan.
Jawatankuasa Risiko dan Pematuhan	<ul style="list-style-type: none"> Mengkaji Laporan Pengurusan Risiko. Melaporkan isu risiko utama kepada Lembaga Pengarah. Memberi komen ke atas risiko yang baru muncul.
Pengurusan Atasan	<ul style="list-style-type: none"> Mengkaji Laporan Memantau risiko-risiko tahap tinggi Mengenal pasti risiko-risiko strategi yang baru muncul Membuat keputusan berkenaan perkara dasar.
Jawatankuasa Pengurusan Risiko	<ul style="list-style-type: none"> Mengkaji Laporan Mengenal pasti risiko-risiko utama projek dan melaporkan kepada Jawatankuasa Risiko dan Pematuhan. Mengenal pasti risiko yang baru muncul.
Jabatan Pengurusan Risiko	<ul style="list-style-type: none"> Mengumpul laporan daripada setiap pemilik risiko dan mewujudkan laporan pengurusan risiko untuk diperakukan. Melaporkan risiko utama kepada Jawatankuasa Pengurusan Risiko. Mengenal pasti risiko yang baru muncul. Memantau aktiviti dan pelaporan pemilik risiko projek
Pasukan Projek	<ul style="list-style-type: none"> Mengenal pasti risiko yang baru muncul. Memantau, mengkaji semula dan melaporkan risiko yang dihadapi. Menyediakan laporan risiko yang dihadapi
Pengurus Projek	<ul style="list-style-type: none"> Mengkaji laporan Mengumpul maklumat risiko dari pihak berkaitan dengan projek. Mengenal pasti risiko yang baru muncul. Melaporkan risiko projek kepada Jabatan Pengurusan Risiko.
Stakeholders berkaitan	<ul style="list-style-type: none"> Menyediakan maklumat risiko kepada pihak yang memerlukan. Memantau dan mengkaji risiko dalam bidang yang berkaitan. Terlibat dalam mengenal pasti risiko yang baru muncul.



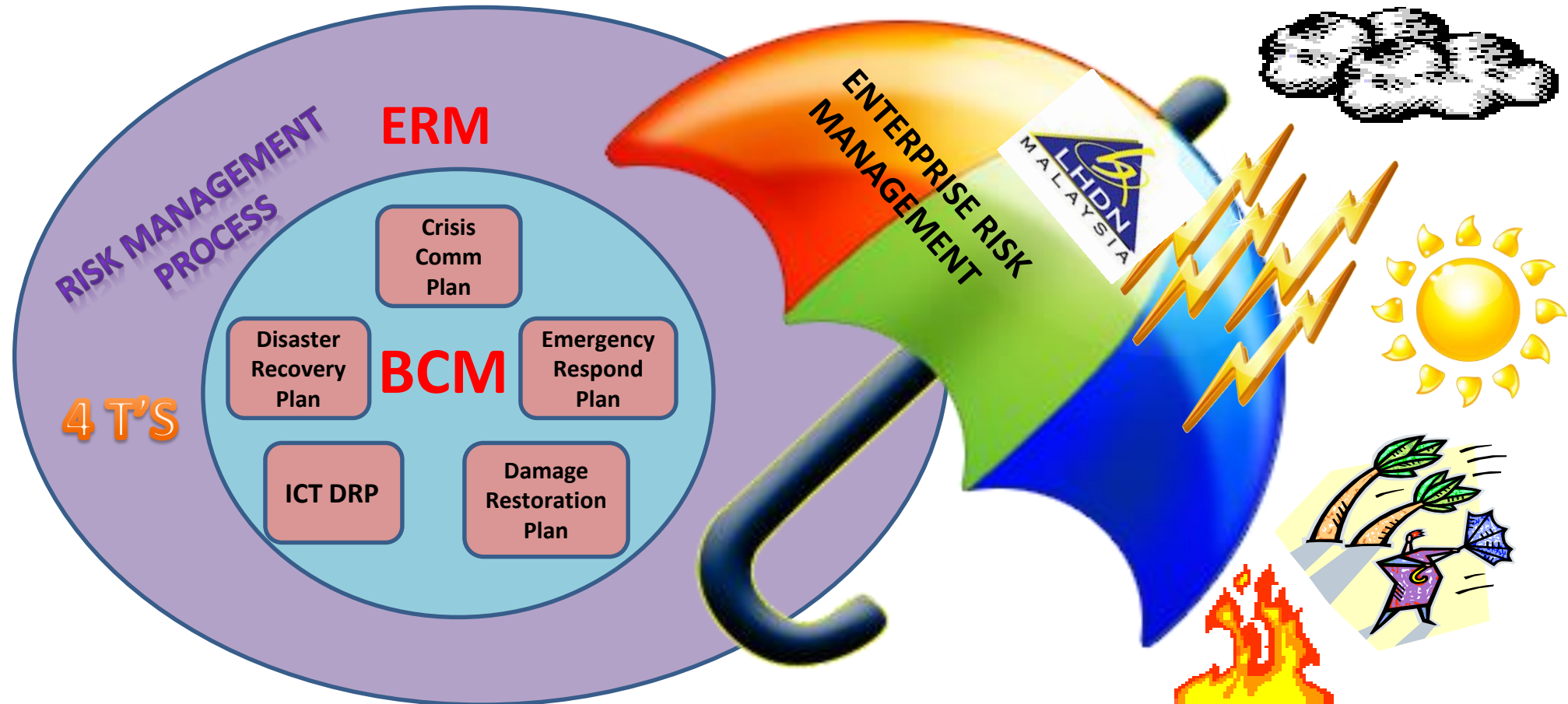


Business Continuity Management (BCM)

ACHIEVING RESILIENCE & BUSINESS CONTINUITY ASSURANCE



ACHIEVING RESILIENCE & BUSINESS CONTINUITY ASSURANCE

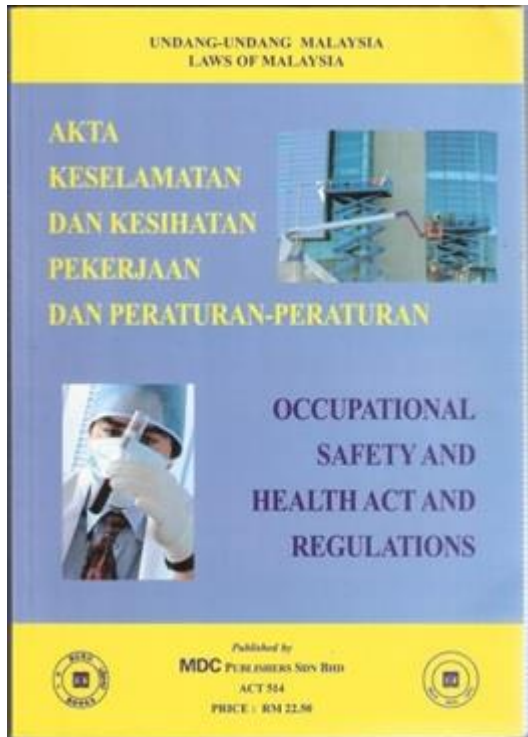




Occupational Safety and Health (OSH)

OCCUPATIONAL SAFETY AND HEALTH [OSH]

OSH ACT 1994



Directive from the Chief Secretary to the Government



IRBM OSH Policy



Benefits

- Reduction in the direct costs associated with illness, injuries and fatalities
- Lower indirect costs, including repair of damaged property, accident investigation and additional administrative time.
- Compliance with OSHA regulations and reduced risk of potential fines associated with noncompliance.
- A more positive workplace culture and improved employee morale due to the enhancement of workplace safety and health.
- Improved perceptions and reputation among customers as a result of a proactive approach to the safety and health of employees



RECOGNITION

RECOGNITION FOR ERM PRACTICE



Winner
Risk Management
Newcomer of the Year


HILTON PARK LANE, LONDON
15 APRIL, 2016

- BENCHMARKING VISITS FROM OTHER AGENCIES AND UNIVERSITY IN MALAYSIA
- BRIEFING TO OTHER TAX ADMINISTRATIONS VISITORS
- CONSULTATION TO:
 - THE MAURITIUS REVENUE AGENCY
 - MALAYSIAN VALUATION DEPARTMENT
- SHARING WITH OECD'S MEMBER COUNTRIES & OBSERVERS



RECOGNITION FOR ERM PRACTICE

TAX ADMINISTRATION DIAGNOSTIC ASSESSMENT TOOL (TADAT) - (IMF, WORLD BANK etc)

PERFORMANCE
ASSESSMENT
REPORT
August 2015

MALAYSIA

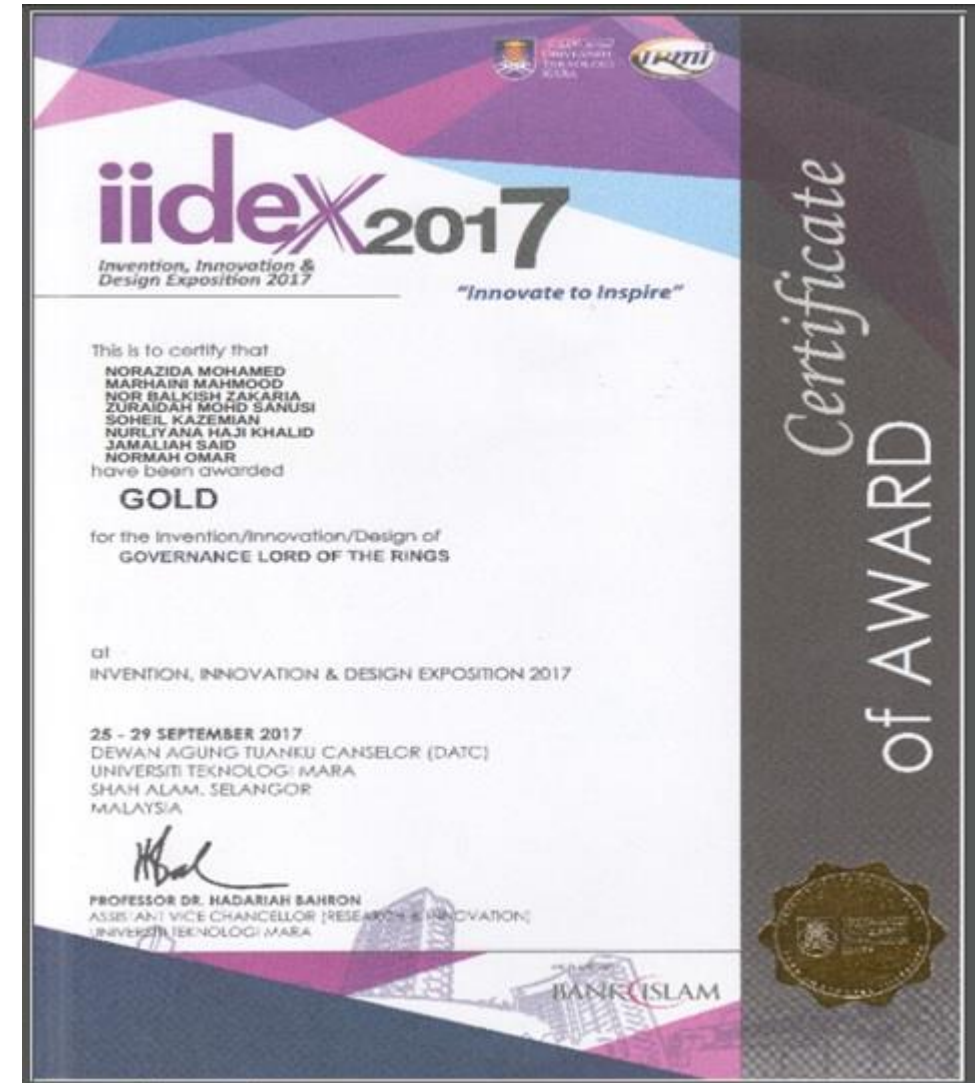
Assessment area:
Identification, assessment, and mitigation of
institutional risks

Measurement Dimension	Method Score	Score 2015
The process used to identify, assess, and mitigate institutional risks.	M1	A

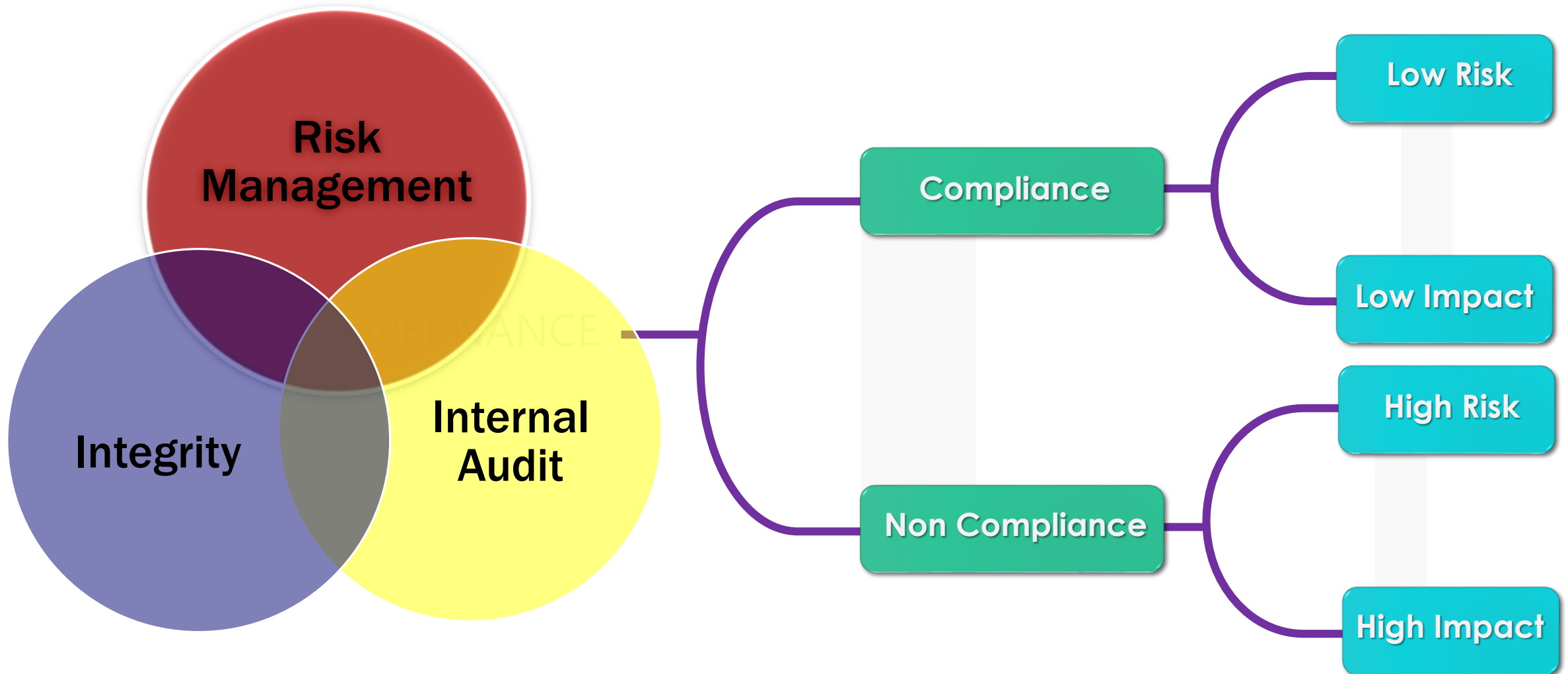
iidex2017 AWARD



- 🏆 INNOVATION category
- 🏆 RMIIA Rings of Governance
- 🏆 The roles of Risk Management, Integrity and Internal Control as critical elements for excellent and effective corporate governance



THE RMIIA RINGS OF GOVERNANCE



RECOGNITION FOR GOOD GOVERNANCE PRACTICE



TAX ADMINISTRATION DIAGNOSTIC ASSESSMENT TOOL (TADAT) - (IMF, WORLD BANK etc)

Benchmarking Our Internal Control Through TADAT Assessment



Having a strong internal control framework



Having an independent internal audit



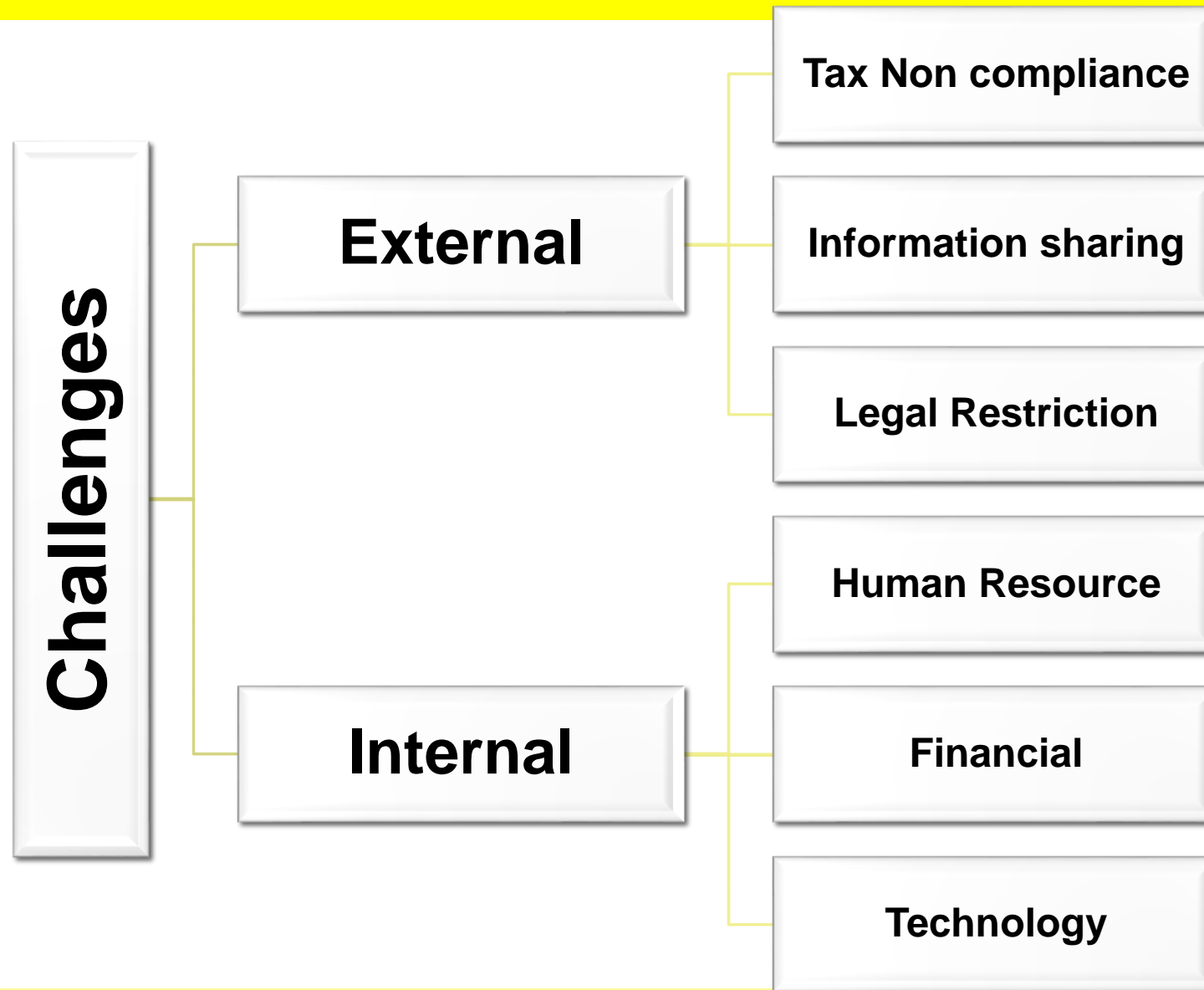
Having a range of staff integrity assurance mechanism in place





CHALLENGES AND WAY FORWARD

CHALLENGES



STRATEGIES

1

Audit and Investigation

2

Task Force with Other Enforcement Agencies

3

Tax Collection and Debt Management

4

Tax Payer Education and Publicity

5

Dispute Resolution Management

6

Systems and Technology

WAY FORWARD

NATIONAL BLUE OCEAN STRATEGY

SUSTAINABLE IMAGE & REPUTATION

ENHANCING TAX COMPLIANCE RISK MANAGEMENT

CONTINUOUS ACCULTURATION OF RISK MANAGEMENT

SIMPLIFIED TAX SYSTEM

EMPOWERING SKILLS AND COMPETENCIES

INTENSIFICATION OF PUBLIC SERVICES



Chief Commissioner of MACC speech during the CIP signing ceremony in 2013

“ MACC is proud that IRBM is committed in enhancing integrity and combating corruption as well as being supportive of anti-corruption initiatives implemented by the Government and MACC.”

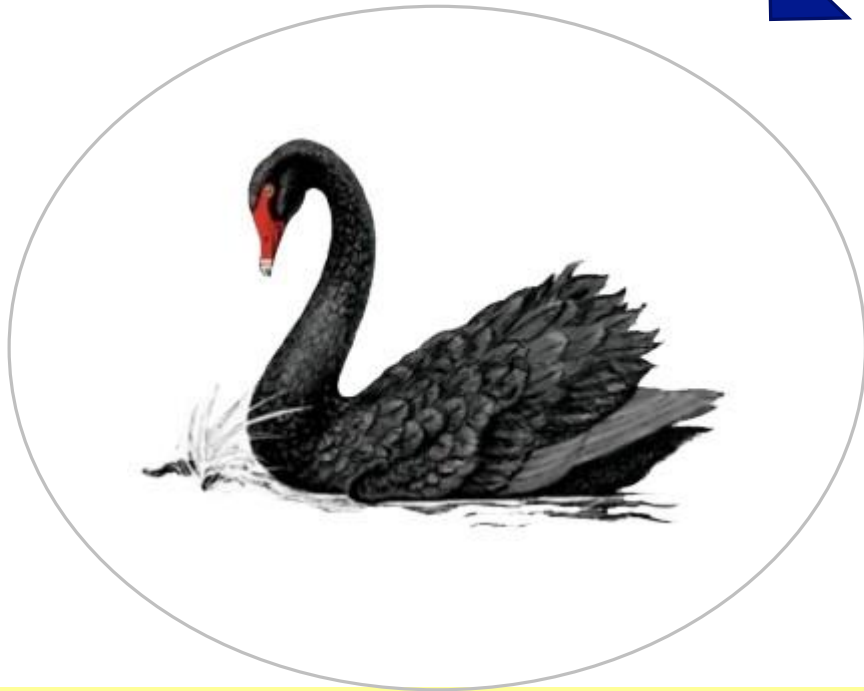
“The IRBM increased in collection denotes high integrity in IRBM.”

CONCLUSION

PREPARE FOR BLACK SWANS



SEEKING OPPORTUNITIES



THANK YOU

TERIMA KASIH

