

MARIM RISKNEWS

Thanks to the Sponsors for 2016 Activities



MARIM 2017 Calendar

| # | Activities | Tentive Dates |
|----|---|-------------------|
| 1 | CRO Forum 2017 Talk 1: | 23 February 2017 |
| 2 | Inspire and be Inspired | 29 March 2017 |
| 3 | 26 th AGM Engagement with | 29 March 2017 |
| 4 | MARIM Student Chapter | 22 April 2017 |
| 5 | Seminar 1 | 11 May 2017 |
| 6 | MARIM Bowling Tournament 2017 | 20 May 2017 |
| 7 | MARIM Conference 2017 | 26-27 July 2017 |
| 8 | Risk Manager of the Year 2017 | 26 July 2017 |
| 9 | Dialog Bursa / Membership Drive | 23 August 2017 |
| 10 | Seminar 2 | 14 September 2017 |
| 11 | Golf Tournament 2017 | 14 October 2017 |
| 12 | SME Engagement | 26 October 2017 |
| 13 | Seminar 3 | 16 November 2017 |
| 14 | Technical Visit | 27 November 2017 |
| 15 | Team Building | December 2017 |



PERSATUAN PENGURUSAN RISIKO DAN INSURANS MALAYSIA
MALAYSIAN ASSOCIATION OF RISK AND INSURANCE MANAGEMENT

Promoting the Best Risk Management Practices and Standards

FEATURE ARTICLE

Fraud Risk Management

By Umaru Husaini and Arpah Abu-Bakar

In general, fraud can be defined as any actions by which one person aims to gain undue advantage over another. The Association of Certified Fraud Examiners (ACFE) (2010) defines fraud as the use of one’s occupation for self-enrichment through the deliberate abuse or misapplication of the employee organisation’s resources or assets. The World Bank Group (2006) stated that “a fraudulent practice is any act or omission, including a misrepresentation, attempts to mislead a party knowingly or recklessly to obtain a financial or other benefit or to avoid an obligation.”

Fraud encompasses three key elements which are deception, enrichment or benefit, and misconduct or abuse (ACFE, 2012). The impact of fraudulent practices has been disturbing and devastating to firms and nations. The Global Fraud Survey reported by ACFE in 2016 revealed a total loss of \$6.3 billion caused by 2,410 cases of occupational fraud. This value reflects direct losses only suffered by the victim organizations as indirect costs, excluding loss of

stakeholder relationship and reputational harm of organisation.

In the 2013 COSO Framework (2013), 17 principles are listed to elaborate the underlying concepts of the 5 components introduced in 1992 COSO Internal Control Framework. The risk assessment component gives considerable emphasis on fraud risk assessment. Specifically, fraud risk assessment is considered separate from the general risk assessment.

According to the framework, fraud risk arises when individuals or entities act outside of organization’s expected standards or ethical conduct while other risks stem from individuals or entities act within the organization expected standards. The continued importance of fraud risk management in ensuring internal control effectiveness is evidenced with the release of Fraud Risk Management Guide in 2016 by COSO.

| Fraud Risk Management in COSO Framework | | |
|--|--|--|
| 1992 COSO Internal Control Framework | 2013 COSO Framework | 2016 COSO Fraud Risk Management Guide |
| COMPONENTS | PRINCIPLES | |
| Control Environment | 1. Demonstrates commitment to integrity and ethical values 2. Exercises oversight responsibility 3. Establishes structure, authority, and responsibility 4. Demonstrates commitment to competence 5. Enforces accountability | Establishing fraud risk governance policies |
| Risk Assessment | 6. Specifies suitable objectives 7. Identifies and analyzes risk 8. Assesses fraud risk 9. Identifies and analyzes significant change | Performing a fraud risk assessment |
| Control Activities | 10. Selects and develops control activities 11. Selects and develops general controls over technology 12. Deploys through policies and procedures | Designing and deploying fraud detective, and preventive control activities |
| Information and Communication | 13. Uses relevant information 14. Communicates internally 15. Communicates externally | Conducting investigations |
| Monitoring Activities | 16. Conducts ongoing and or separate evaluations 17. Evaluates and communicates deficiencies | Monitor and evaluate the fraud risk management program |

FEATURE ARTICLE

According to COSO (2013) Internal control system needs to be agile in adjusting to changes in operations, business, and regulatory environments. These changes should be due to new and rapidly changing business models, increasing regulatory requirements and scrutiny, greater use, and dependence on technology, globalization, and other challenges in business. Organisations do their best to frame a comprehensive, proactive strategy to detect, prevent, and response to integrity threats; achieving higher levels of business integrity can be through internal control, sound corporate governance, and transparency (KPMG, 2014).

The report of KPMG in 2013 on fraud, bribery, and corruption in Malaysia, provided an exclusive and thorough insight into fraud issues faced by companies in Malaysia. The report further highlighted that the quantum of fraud has increased over the past three years, becoming more sophisticated, and more targeted to certain business processes. Managing fraud risk has been a huge challenge to business.

A proactive method for managing fraud risk is essential in minimizing exposure to fraudulent activities. Therefore, ACFE (2009) advise a combination of strong fraud risk governance, effective prevention and detection mechanisms, comprehensive fraud risk assessment, as well as coordinated and timely investigations, will help to minimize the fraud risks. In addition, the proper hiring of staff and effective training have helped in reducing fraud cases and increased management's awareness regarding red flags or warning signs of risk that will have damaging consequences on industry (Mat, Nazri, Fahmi, Ismail, & Smith, 2013).

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About the Author

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CRO Forum

The CRO Forum was organized on 28 January 2016 at the Saujana Hotel Kuala Lumpur. The Forum attracted 48 risk professionals, both members and nonmembers from 40 organizations to discuss key risk issues facing companies in Malaysia. This provided a useful opportunity for Chief Risk Officer, Head of Risk and risk practitioners to meet with their peers and share knowledge and experiences plaguing the industry in Malaysia.



decision making and monitoring against plans. In summaries, it is the management of strategic risk factors that will have the greatest impact on ability to realise strategic objectives.

In the brainstorming session, each group was given 1 issue and allocated 15 minutes to discuss.

The forum received positive feedback from all participants. Suggestion was made to invite more chief risk officers and board of directors to join future forum.



Mr. Lim Tong Kang, MARIM's chairman, in his opening speech introduced MARIM to non-members. The forum includes brief presentation by Mr. Eddy Hon Poh Keong, Chief Executive Officer of CIMB Howden Insurance Brokers Sdn Bhd and a thought provoking discussion lead by Mr. Abdul Halim Jantan, Chief Executive Officer of Sterling Insurance Brokers Sdn. Bhd Mr Eddy shared his vast experience in a topic entitled "The ART of Financing Losses". Mr. Eddy presented the process of making and carrying out decisions that will minimize the adverse effects of accidental losses to organization.

En. Abdul Halim started the discussion with a topic "Scene Setting for Global Risk Outlook". He explained that risk management can often be run separately from frontline strategic assessments,

"Only those who will risk going too far can possibly find out how far one can go"

T.S Elliot

MARIM BOWLING TOURNAMENT 2016

CHAMPION

Team: MSIG A

Group Members:

Roza Mohd Nor
Mat Lazim
Zainal Abidin
Yusrazlan

1st Runner Up

Team: Sepatu Timur

Group Members:

Mohd Alwi Musa
Ruzlan Abdullah
Munir Abdullah
Nur Fitrah Muhd Fekri

2nd Runner Up

Team: IRON MEN

Group Members:

Sukri Hamzah
Azrin
Wan Muzamir
Noraini Ali

The Bowling Tournament is first sport event for MARIM at 2016. This sport event not only give physical benefits, but also built friendship and team spirits among all participants.



The event was held on Sunday, 10 April 2016 at Wangsa Bowl One Utama Mall. There are 27 teams from the various companies and 1 team from UUM. Special thanks to Ace Jerneh for generous support in this event.



INDIVIDUAL MEN

Champion

Suhadi (Liberty Bowling Team)

1st Runner Up

Azrin (IRON MEN)

2nd Runner Up

Mohd Salleh (TNB-ZASS)

Best Bowler

MEN

Yusrizal Ibrahim
(Allianz Warrior Beta)

WOMEN

Roza Mohd Nor
(MSIG A)

Individual Women

Champion

Roza Mohd Nor (MSIG A)

1st Runner Up

Khairun Bt Rahim
(TNB-ZASS)

2nd Runner Up

Roslizai Ramli (MIB Team A)

HIGHEST SCORE

MEN

Suhadi
(Liberty Bowling Team)

WOMEN

Roza Mohd Nor
(MSIG A)

SEMINAR: INTEGRITY RISK – CORRUPTION AND FRAUD

The seminar was held on 24 March 2016 at Bukit Kiara Resort in Kuala Lumpur. The seminar attracted 64 participants.



Zaleena Abd Ghani from Head, Enterprise Ethics & Integrity, Telekom Malaysia presented a topic on Building Culture of Integrity.

Five speakers shared their knowledge.

- Mohd Nizam Mohd Ali, Senior Director, Institut Integriti Malaysia (IIM) sharing his vast knowledge and experience.
- John Bray, Director, Asia Pacific, Control Risks Group (S) Pte Ltd.
- Leong Yee Fook, Chief Executive Officer, MSM International Loss Adjuster.



Jagdeep Kairon, Managing Director, Network Security Solution and Director of Wingspan Risk Consulting presented "Ethics as an Enabler for Globalization".

Sponsorship Opportunities

Promote your brand at the MARIM Conference 2017, 26-27 July 2017. Contact us and secure sponsorship packages that are designed to provide solid platform to help you stand out and make an impact.

Conference Secretariat
marim.secretariat@gmail.com

MARIM RISK MANAGEMENT CONFERENCE 2016

The MARIM Conference 2016 was held at Sunway Resort Hotel & Spa from the 27 to 28 of July 2016.



The theme of the conference, 'Reimagining Risk Management in the Challenging World', is timely. It calls for all risk professionals to broaden their view of risks and to think of innovative solutions in managing risks. The conference attracted more than 100 participants and speakers from various economic sectors.

The keynote address was delivered by Dato' Yusli Bin Mohamed Yusoff, the CEO of the Malaysian Institute of Corporate Governance (MICG). Various topics were presented and discussed during the two-day conference. A total of 11 papers were presented by experts from the industry and the academia.

The closing ceremony was highlighted with the announcement of the best #MARIM photo. The #MARIM contest started at the beginning of the conference. Participants posed with the MARIM sign which was outside the conference hall and posted it on social media. The winner En. Muhammad Faqih Bin Othman from Tenaga Nasional Berhad received complimentary seat to MARIM 2017 conference.

View full article at:

<http://www3.asiainsurance.com/Magazine/Magazine-Articles/mgid/315/cid/10054>

RISK MANAGER OF THE YEAR AWARD

In conjunction with the conference, a Gala dinner was held to present the Risk Manager Awards. Delegates enjoyed a Chinese-style banquet while listening to a live band. The Risk Manager Award 2016 was presented to Kumpulan Perangsang Selangor Berhad. The first runner was presented to Telekom Malaysia Berhad.

The award is MARIM's annual event to honor risk managers' efforts in ensuring sound risk management program in their organizations.



Pn Noranisah receiving the award from Ir Lim accompanied by team from Kumpulan Perangsang



En Azizul Rahman, GM Risk & Corporate Compliance Management, and the winning team from Telekom Malaysia Berhad

MARIM GOLF TOURNAMENT 2016



The annual Golf tournament was held on 22 October 2016 at the Berjaya Hills Golf & Country Club. This time around, a field of 32 golfers (8 flights) took part. The players came as early as 6.00am to register their participation. The first tee-off was just after breakfast at 8.00am. The weather was very kind and the golfers had a great field day. The much awaited event saw some new faces and this was also a good platform for members and others to get to know each other and network. The tournament ended with lunch and prize presentation.

Besides the winners, every other player also received a consolation prize to take home.

CHAMPION Nor Saiful Zaini Nasirudin

1st RUNNER UP Ahmad Sabri Ismail

2nd RUNNER UP Abdul Halim Jantan

| HOLE | NAME | REMARKS |
|--------------------------|----------------------------|---------|
| Nearest To Pin – Hole 16 | Ahmad Sabri Ismail | 16ft |
| Longest Drive Hole 10 | Nor Saiful Zaini Nasirudin | 314 m |
| Longest Drive Hole 18 | Nor Saiful Zaini Nasirudin | 298 m |
| Nearest to Line | Rumlan Mukhtar | 2.3 ft |

ANNUAL GENERAL MEETING

The 25th MARIM Annual General Meeting was held on 25th May 2016 at the The Saujana Hotel Kuala Lumpur. A total of 22 members attended and 38 proxies were received.



Amendment to the Rules and Regulations were discussed:

The first resolution is to increase the annual subscription fee for corporate ordinary member from RM500 to RM1000 and the annual subscription fee for corporate affiliate member from RM300 to RM500.

The second resolution is to allow up to two individual members to be appointed as ordinary Exco members. The proposal is to encourage more active participation from all categories of members.



MARIM RETREAT

The Exco members have set four strategic directions for MARIM. They are:

1. To offer globally recognized risk management certification
2. To provide risk management best practices platform
3. To be the primary resource center
4. To provide wide range of networking opportunities



Editorial Members

Dr Arpah Abu Bakar
 Dr Diara Md Jadi
 Denjal Haris Tan
 Sajid Mohy Ul Din