Honorary Auditors' Report 2025

We are pleased to present our MMA Internal Auditors Report for the Financial Year ending 31st December 2025. Our report should be read in conjunction with the opinions given by the external auditors.
We have audited the Financial Statement for MMA for the year ending 31st December 2025. We also looked at the recommendations of the Internal Auditors for the previous year and have noted that all the recommendations have been implemented.

Documents that were submitted to the Internal Auditors for our review and information included those listed below. This is in compliance with a request made in the previous Internal Auditors' Report (2024) that all relevant documents and guidelines be made available to the internal auditors.

1. Draft MMA Reports and Audited Financial Statements for the Financial Year ended 31 December 2025
2. MMA's Financial Guidelines (Revised on September 2025)
3. Annual Grant for MMA Branches for the Term 2025/2026
4. KPI for the Council and State Activities
5. Financial Guidelines for Indemnity Funds for the States
6. Incentive for Social Media Utilisation
7. SOP on Audit and Tax submission for the year 2025
8. MMA Properties Administration Cost
9. SOP on E-Invoicing for MMA HQ and the 14 Branches
10. Guidelines for Annual Budget Utilisation
11. Mechanism of Webinar Profit Sharing
12. SCHOMOS NWC 1 - Treasurer 2025-2026 (slides)
13. PPSMMA Treasurer Slide 2025
14. PPS Grant Proposal Template
15. Financial Guidelines for International Travel
16. Budget 2025 and Variance Analysis

After studying the Audited Financial Statements for MMA for the year ending 31st December 2025, as well as the other documents provided to us, we raised some queries and comments to the HGT and Finance staff, all of which have been addressed.

The following are some issues that we would like to bring to the attention of the general membership of MMA.

1. Current Assets

We note that the MMA has a slight increase in its total assets from RM 21,669,881 at the end of 2024 to RM 24,519,884 at the end of 2025. Thus, MMA maintains a healthy financial status.

2. Total Income

We note that in 2025, MMA income increased from RM9,781,824 in 2024 to RM10,083,777 in 2025. The income is mainly from "Referral fees" (commission from insurance), Medical Congress (RM933,996) and members subscriptions (RM1,274,550). Rental income decreased by about half - RM589,433 in 2025 compared to RM1,005,845 in 2024. This was due to temporary reduction in rental for tenants in the MMA building and use of two units in Plaza Central for MMA meetings during the renovation of the MMA building.

3. Total Expenditure

Total expenditure on MMA activities and Council / Exco expenses, Grants to branches, Operating costs and Personnel has increased compared to the previous year (RM6,967,975 in 2025 vs RM6,625,270 in 2024).

4. Surplus, Donations and Taxation

i. Surplus before donations and taxation decreased from RM3,156,554 to RM3,115,802 in 2025; net surplus for the year consequently reduced from RM1,998,257 in 2024 to RM1,646,594 in 2025.

ii. Taxation paid was RM 1,215,708 in 2025 compared to RM888,297 in 2024.

iii. Donation to MMA Foundation was maintained at RM200,000. We noted that the donation amount was recently increased from RM150,000 to RM200,000 in 2023 as recommended by previous auditors.

5. Investment Property

5.1 Plaza Sentral

We note that we are currently renting out one unit and using the other two units for MMA Council and other meetings. We commend the Council for utilising the Plaza Sentral property during the renovation of the MMA Building.

5.2 Properties in the States

We note that the following Branches have properties which are all technically owned by MMA, but managed by the respective branch: Kedah, Perak, Selangor, Wilayah Persekutuan, Melaka, Johor and Sarawak. All properties, except the ones in WP and Kedah, were purchased using a grant from MMA, totaling RM3,567,369. The branches which purchased the property using a grant from MMA pay an annual fee to MMA, which varies according to the amount of MMA grant used to purchase the property. This generated an income of RM7,800 in 2025.

6. General Reserves

We noted that there was RM24,299 listed as "General Reserves" - this has been there for more than 10 years and comprises funds that were generated by the ASH committee many years ago. We recommend that this money be used for ASH activities in the coming years rather than remaining unutilised, and not generating any interest, as it is kept in the current account.

7. Expenditure

7.1 International travel

We noted that the expenditure for international conferences increased from RM159,068 in 2024 to RM231,153 in 2025. We noted that this was within the budgeted amount of RM250,000 for 2025, which was approved by Council and the AGM.

We further noted that each trip was also capped at a pre-set amount and that the travel was not just by the President, but also by the President-Elect, HGS and other exco members.

Apart from attendance at the usual regional conferences (e.g. Commonwealth Medical Association, MASEAN, CMAAO), this also included attendance at meetings of the British Medical Association (BMA), American Medical Association (AMA), German Medical Association, Hong Kong Medical Association and others. The President and HGS also met up with the MPS and Marsh Pte Ltd in the UK. January 2025, the two Medical Indemnity Associations who contribute a large amount of income to the MMA.

7.2 Renovation of MMA Building

We noted that RM1,295,446 was spent in 2025 for renovating the MMA building, and up to RM8 million will be spent in 2026 and 2027 for the major renovations of the MMA Building.

8. Some of the good points which were noted include:

i. CPD income continues to be good, and a percentage of the income generated continues to be shared with the branches.

ii. Increased member and branch benefits, implemented in 2024, continued in 2025.

iii. Training activities, including leadership course for Council members, and team building courses, as well as training for staff continued in 2025 as well.

iv. Council members are all provided with the set of documents pertaining to financial guidelines and SOPs during the first council meeting and subsequently have access to these documents throughout their term via the Council portal.

9. Recommendations

9.1 Investments:

i. We note that an investment committee has been formed in 2021, to advise on the investments made by MMA.

ii. We recommend that this Investment committee be expanded into a **Finance Management Committee**, which will assist the Treasurer not only in making decisions on investments, but also help in drawing up the budget for the following year, as well as consider any requests for budget repurposing that may be submitted by any committee or section during the year.

(See **Appendix 1** for recommended TOR for the Finance Management Committee).

9.2 Guidelines:

i. Guidelines on overseas travel for council and exco members - this document, dated January 2024, was reviewed. We recommend that the document be edited to include a list of international meetings that MMA office bearers should attend regularly (e.g. MASEAN, CMAAO, WMA, annual meetings of sister NMAs in Southeast Asia). If the President or other office-bearers receive invitations to attend meetings outside this list, the relevant person should seek approval from the Council. The Council should weigh the benefits to the Association of attending such meetings before giving approval.Such ad-hoc attendance should not be made a precedent for future recurring events but should receive the Council approval for each occasion.

ii. We reviewed the Guidelines on the use of MMA as a channel for funding from Industry to sponsor doctors to attend conferences and have made several comments for Council's consideration.

10. Concluding Remarks

Overall, we would like to congratulate the Honorary General Treasurer and the Exco and Council for managing the funds of the MMA in a responsible manner, as MMA has been able to maintain a net surplus of income over expenditure in the past few years, and we hope that this trend will continue in the future.

Dr Mary Suma Cardosa

Dr Mohd Namazie Ibrahim

Date: 24th July 2026

Finance Management Committee

MMA is governed by a Constitution, Governing Council, and Treasurer. The proposed Finance Management Committee should function as a committee of the Governing Council, with authority delegated by the Constitution and Council resolutions.

Since the association already has a Treasurer elected under the Constitution, the Treasurer should normally chair the Finance Management Committee or serve as its principal officer. The Committee should advise and oversee, but ultimate authority usually remains with the Governing Council which shall under normal circumstances shall heed the advice provided by the Finance Management Committee.

Terms of Reference and Standard Operating Procedure

1. Authority

The Finance Management Committee ("FMC") is established pursuant to the requirement for prudent financial management of the Association and operates under the authority delegated by the Governing Council.

The FMC shall advise the Governing Council on all financial matters and assist in ensuring sound financial governance, accountability, transparency, and stewardship of the Association's resources.

The FMC shall have only those powers delegated to it by the Constitution, Governing Council, and approved policies of the Association.

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2. Objectives

The objectives of the FMC are to:

a) Safeguard the financial assets and resources of the Association.

b) Assist the Treasurer in overseeing the financial affairs of the Association.

c) Review and recommend annual budgets for approval by the Governing Council.

d) Monitor the financial performance and sustainability of the Association.

e) Ensure compliance with applicable laws, regulations, constitutional requirements, and financial policies.

f) Advise the Governing Council on investments, reserves, risk management, and financial planning.

g) Promote transparency and accountability in all financial matters.

3. Composition

The FMC shall comprise:

- Chairperson who is not a member of the Council and shall chair all the FMC meetings
- The Treasurer Ex officio (as Deputy Chairperson);
- The President or nominee of the Governing Council;
- At least three (3) members who are not members of the Council appointed by the Governing Council;
- The Chief Operating Officer as an ex-officio member non-voting member;
- The Finance Manager or Finance Officer (where applicable) as an ex-officio non-voting member.

The Governing Council may appoint additional members with relevant financial, accounting, legal, investment, or governance expertise.

4. Duties and Responsibilities

The FMC shall:

4.1 Budget and Financial Planning

a) Prepare and review the annual operating budget.

b) Recommend the annual budget to the Governing Council for approval.

c) Monitor income and expenditure against approved budgets.

d) Review significant budget variances and recommend corrective measures.

4.2 Financial Oversight

a) Review periodic financial statements.

b) Monitor cash flow and liquidity.

c) Review reserves and investment performance.

d) Ensure proper financial controls and accounting procedures are maintained.

4.3 Governance and Compliance

a) Ensure compliance with the Constitution, by-laws, policies, and statutory requirements.

b) Review financial risks affecting the Association.

c) Recommend financial policies and amendments for Governing Council approval.

d) Monitor implementation of audit recommendations.

4.4 Audit

a) Liaise with external auditors.

b) Review audited financial statements together with the internal auditors before submission to the Governing Council.

c) Recommend appointment or reappointment of external auditors.

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5. Role of the Treasurer

The Treasurer shall:

a) Serve as Chairperson of the FMC meetings in the absence of the Chairperson.

b) Provide leadership in financial governance.

c) Present financial reports to the Governing Council and Annual General Meeting.

d) Ensure proper books of account are maintained.

e) Oversee implementation of financial policies approved by the Governing Council.

f) Act as principal liaison between the FMC and Governing Council on financial matters.

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6. Meetings

6.1 Frequency

The FMC shall meet at least quarterly and more frequently as required.

6.2 Quorum

A quorum shall consist of not less than one-half of the appointed members.

6.3 Decisions

The FMC shall endeavour to reach decisions by consensus. Where a vote is required, decisions shall be by simple majority of members present and voting.

The Chairperson shall have a casting vote in the event of a tie.

6.4 Minutes

Minutes shall be recorded by the Secretary or designated officer and submitted to the next FMC meeting for confirmation.

Approved minutes shall be reported to the Governing Council.

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7. Financial Authority

Unless otherwise provided in the Constitution or by Governing Council resolution:

a) The FMC may review and recommend expenditure and budget adjustments and ensure compliance with the various financial guidelines as approved by the Governing Council.

b) The FMC shall not approve expenditure beyond limits delegated by the Governing Council.

c) Expenditure exceeding delegated limits shall require Governing Council approval.

d) All bank accounts shall be operated in accordance with approved signatory arrangements.

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8. Reporting

The FMC shall report to each meeting of the Governing Council on:

- Financial performance;
- Budget status;
- Cash flow position;
- Investments and reserves;
- Significant financial risks;
- Audit matters;
- Recommendations requiring Council approval.

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9. Conflict of Interest

Members shall declare any actual, potential, or perceived conflict of interest.

A member with a declared conflict shall abstain from discussion and voting on the relevant matter.

All declarations shall be recorded in the minutes.

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10. Confidentiality

Members shall maintain confidentiality regarding all financial, contractual, employment, investment, and other sensitive information obtained in the course of their duties.

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11. Review

These Terms of Reference and Standard Operating Procedure shall be reviewed at least every three (3) years and any amendments shall be approved by the Governing Council.

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12. Interpretation

In the event of any inconsistency between these Terms of Reference and the Constitution of the Association, the Constitution shall prevail.

This version is closer to the governance framework used by professional associations such as medical associations, legal societies, engineering institutions, and other membership-based bodies where the Governing Council is the ultimate authority, and the Treasurer is a constitutional office bearer.