

YAYASAN TAQWA WILAYAH PERSEKUTUAN

Main Points

What we examined?

- Yayasan Taqwa Wilayah Persekutuan (Yayasan Taqwa) is a company limited by guarantee which is not a profit oriented company was established on 20 November 1990 by Federal Territory Islamic Religious Council (MAIWP). The main activity of Yayasan Taqwa is to distribute funds allocated by MAIWP to individuals and Non-Profit Organisations (NPOs) outside the Federal Territory based on three main thrusts, namely Propagation, Welfare and Education.
- Assessment on the performance and management of the main activities of Yayasan Taqwa on the distribution of funds from MAIWP for the year 2019 to March 2022.
- Key Performance Indicators (KPI) for the activities.
- The performance of management of funds distribution activities were assessed based on three aspects, namely receipts and distribution of funds; selection of recipients including the registration of NPOs as well as Program and Expenditure Reports; and management of funds allocations.
- Assessment on nine aspects of good corporate governance, namely the Chairman; the Board of Trustees; the Chief Executive Officer (CEO); the Company Secretary; the Strategic Plan and KPI; the Standard Operating Procedures (SOP); the Audit Committee; the Internal Audit; and the Nomination and Remuneration Committee for the year 2019 to March 2022.
- Analysis of financial positions was conducted based on audited financial statements for the year 2019, 2020 and 2021.

Why is it important to audit?

- Yayasan Taqwa plays the role of receiving and managing funds to be distributed to the poor, Muallaf¹ and Fisabilillah².
- For the year 2019 to 2021, Yayasan Taqwa received funds from MAIWP amounting to RM74 million and a total of RM66.75 million (90.2%) has been distributed to recipients.
- The distribution was based on three main thrusts, namely Propagation, Welfare and Education regardless of the race and political orientation. For the year 2019 to 2021, Welfare thrusts received the highest fund which was RM32.43 million (48.6%)

¹ Muallaf - newly converts

² Fisabilillah - Muslims who strive in the path of the religion

compared to Propagation RM20.05 million (30%) and Education RM14.27 million (21.4%).

What we found?

- Overall, Yayasan Taqwa had achieved the objectives of its establishment in distributing funds to the recipients with a total fund distribution of RM66.75 million (90.2%). For the years 2019 to 2021, a total of 13 (27.7%) KPIs were achieved while nine were not achieved. In addition, 13 KPIs were not implemented and 12 KPIs could not be measured. The financial position of Yayasan Taqwa was stable.
- Management of the distribution activities of fund received from MAIWP was less than efficient due to non-compliance with SOPs including fund given to NPOs which did not submit previous Program and Expenditure Reports and payments were made through Yayasan Taqwa officers' private accounts.
- The corporate governance practices were less than satisfactory. Five of the nine aspects of good corporate governance were not fully practised including training to Board of Trustees, appointment of CEO and the compliance of SOPs.

What did we recommend?

- The parties involved should consider the following recommendations:
 - to ensure the achievement of KPIs are presented to the Board of Trustees as well as continuously monitored by them;
 - to comply with the guidelines/SOPs in order to ensure fund distribution activities are carried out efficiently; and
 - to carry out an effective monitoring to ensure NPOs comply with the letter of undertaking; and
 - to improve corporate governance practices on matters such as on Board of Trustees courses/training and appointment of CEO.