

# Global Internal Audit Leadership Summit **2019**

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**LEADING WITH A DIFFERENCE**

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**Post Conference Report**



### **About The Institute of Internal Auditors Singapore**

The Institute of Internal Auditors (IIA) Singapore is the only professional body dedicated to the advancement and development of the internal audit profession in Singapore. For more than 40 years, we have been advocating the interests of the profession and remain committed to raising the profile and standing of the internal audit profession and developing the knowledge, skills and expertise of internal auditors. Representing over 2,300 members, we enhance technical excellence through The IIA's International Standards for the Professional Practice of Internal Auditing and Code of Ethics. Our members belong to a global community of more than 200,000 professionals in over 170 countries and territories who share a common vision to advance their professional growth in internal auditing and add value in their organisations.

### **Disclaimer**

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# LEADING WITH A DIFFERENCE

*The world is changing rapidly with new technological developments that have the ability to revolutionise the ways we live, work and think.*

*In this age of disruption, where the term 'disruption' in itself has become something of a misnomer, organisations have been forced to undertake radical transformations and discard deeply-entrenched mindsets, whether it is to retain or safeguard their competitive edge, power ahead, or simply to survive.*

*Internal audit is also being disrupted by the unprecedented wave of change and innovation – as Chief Audit Executives (CAEs), your response to these is to 'Lead with a Difference'. How can you do so and are you ready?*

*Hear from the leaders on the differences in leading to succeed in this environment of change and uncertainty.*

## Find Your Voice

### **Keynote Address: Find Your Voice**

CAEs need to demonstrate strong leadership and continue to strengthen their core skills while developing sharper business acumen to know how disruptions are impacting the business environment that the organisation operates in.

In her presentation, Karen issued a call to action for delegates to speak up for the profession. Fundamentally, this impels internal audit to be more agile and continually reinvent to avoid the risk of becoming the next BlackBerry.

Being agile entails a mindset shift and a holistic transformation. Through the years, internal audit may have become constrained to providing a limited scope of service due to a traditional view that stakeholders hold of internal audit. That has to change, and this change has to come from internal audit; to be taken and seen differently by stakeholders requires internal audit to embrace innovation and do things differently, show through palpable means of their expertise in internal audit, whether it is mastery of professional standards or certification of competence, i.e. Certified Internal Auditor (CIA), to create a strong and definitive voice.

The presence of an ongoing and direct channel of communication with the Audit Committee (AC) would be the enabler for internal audit to demonstrate its ability to create and add value. This is a relationship that internal audit has to build, beyond the formal but infrequent AC boardroom meetings. It was clear from what Karen shared that to enable change to happen, internal audit has to show up and create demand for their services, and called on delegates to "Get involved and participate!"



### **KAREN BRADY**

**Corporate VP of Audit and  
Chief Compliance Officer  
Baptist Health South Florida and  
Immediate Past Chair, IIA North American Board**

“

Be courageous and  
passionate; start moving  
that needle and be more  
prospective.

”



“

Know where  
you are and  
determine where  
you want to be.

”

**HANS NIEUWLANDS**  
Chief Executive Officer  
IIA Netherlands

*To find this voice, internal audit needs to be able to identify and enhance its strengths, while addressing and overcoming weaknesses. We have a tool that can help you reflect, validate compliance with IIA Standards, set the ambition levels for the internal audit function, and communicate with the Board and the AC - the Internal Audit Ambition Model. The model is the result of the joint task force established by the IIA Netherlands and NBA LIO (Membership group for internal and government auditors at the Royal Netherlands Institute of Chartered Accountants). It enables you to establish your strategy with clear targets that can support an overall shared vision within the internal audit team.*

### ***Achieving Your Professional Ambitions (Internal Audit Ambition Model 2.0)***

It has often been said that knowing thyself is the beginning of wisdom. In the context of internal audit, CAEs need to assess themselves and their teams first to be able to deliver added value to their organisations.

In his presentation, Hans demonstrated how CAEs could leverage the Internal Audit Ambition Model to ascertain where their internal audit functions stand and determine where they want to be, thereby setting themselves an ambition to endeavour towards. With the tool, specific actions could be defined that needs to be taken to close the gap. More importantly, it can also be a powerful communicative vehicle with the AC to assess internal audit's performance and furthermore, serve as strong basis for soliciting additional resources. It is no excuse to omit pertinent areas of risk on the premise that the internal audit team is not adequately resourced or equipped; instead, this

could be turned into a competitive advantage for internal audit in its talent strategy by training up its staff that adds to their professional development.

In addition to expounding on the various ways in which the Ambition Model could support CAEs in achieving their ambitions, Hans also called on CAEs to be more proactive in getting involved in organisational projects. It is not enough to know yourself – for internal audit, knowing how to use and continually develop itself to create and add value, and getting this message across to the stakeholders, is what would truly make internal audit the trusted advisor for management. With today's ambitions and organisational objectives being potentially different from tomorrow's, the Internal Audit Ambition Model is a living document that needs to and supports regular updates to enable you to continually review your strategy and build on strengthening your team.



# Global Internal Audit Leadership Summit **2019**

## **LEADING WITH A DIFFERENCE**

1 AUGUST 2019



SIA NAM CHIE



KAREN BRADY



NICOLA RIMMER-HOLLYMAN



PAUL LOKE

*Yet, despite the pressing need to step up into the trusted advisor role to gain a seat at the table, it has surfaced from a recent Internal Audit Foundation report that CAEs and their internal audit functions are not ready for the various aspects of disruptive innovations that have shaped the current business landscape and would most likely continue to wield their impact on the environments that organisations operate in. Some of the areas highlighted in the report included Agility, Continuous Auditing, Data Analytics and Digitalisation; where do you stand and how should you respond? Hear from our panel as they share insights from their rich experience and expertise.*

**Moderator: SIA NAM CHIE**  
Vice President, The Institute of Internal Auditors Singapore

**Panellists: KAREN BRADY**  
Corporate VP of Audit and Chief Compliance Officer at  
Baptist Health South Florida and Immediate Past Chair, IIA North American Board

**PAUL LOKE**  
Director, Technology & Chief Information Officer, Accountant-General's Department

**NICOLA RIMMER-HOLLYMAN**  
Head of Internal Audit, Bank, Wealth and New Zealand, AMP

### ***Panel Discussion: Internal Audit's Response To Disruptive Innovation***

With rapid technological developments and growing volume of digitised information, numerous avenues have emerged where internal audit can transform the way things are done. However, in order for internal audit to truly reap the benefits that disruptive innovations offer, internal audit would also need to disrupt itself and its business model.

Although results from the report showed that some internal audit functions may not be ready or prepared to respond effectively to innovations that their organisations have adopted, internal audit still has a vital role to play, by virtue of the breadth and depth of business knowledge they have. Coupled with risk management skills, internal audit has the opportunity to engender trust by helping to surface blind spots of the first and second lines and enable management a fuller and complete picture.

Business knowledge does not come about by chance. It includes everything from being involved right from the start, which necessarily means internal audit has to be seen as a trusted advisor to be invited to give its inputs and insights on areas where the control environment can be enhanced; to having the expertise and competencies within the internal audit team to create a tangible difference.

Panellists urged CAEs to invest continually in staff training to ensure that the internal audit team keeps pace with the requirements of the organisation. Some CAEs surveyed by the report have felt the lack of need to reskill or upskill. On that, panellists cautioned that there should never be an end to learning new skills because this would invariably cause internal audit to lose any opportunity to innovate and create value for their organisations. When that happens, internal audit may risk losing the seat at the table.

Also, panellists concur on the reality of a competitive talent landscape, where even if well-trained internal audit staff get poached by other functions or organisations, the talent flow could lead to the creation of ambassadors of good controls as these internal auditors join line functions and spread the culture of controls.

“

It is better to train a staff who leaves,  
than not train a staff who stays.

Paul Loke

”

## How To Turn Uncertainty Into Business Confidence



“

An internal audit function that disrupts what it does, how it does it and who does the work will be a strong strategic partner in meeting future business needs.

”

### **BENJAMIN CHIANG**

Singapore Government & Public Sector Leader,  
Partner, Ernst & Young Advisory Pte. Ltd.

*To be ready and suitably prepared to respond to these disruptions and support your organisations to deal with new and emerging risks associated with such innovations, let these leaders share a few important tips on specific areas that you can focus on:*

### ***The Future Of Internal Audit: Translating Uncertainty Into Confidence In Our Fast-changing World***

The world around us is changing at a faster pace than ever. The internal audit function has a crucial role to play in ensuring businesses have the confidence to navigate these uncertain times – and to be successful, a holistic and strategic change is needed. Benjamin looked at what this change looks like, how it can be achieved, and who should be at the heart of it.

The mandate of the internal audit function and its operating model need to adapt. In response to rising stakeholder demands, the function's scope must evolve to achieve a better balance between providing core assurance and business advisory. The operating model of internal audit must become more flexible and agile in the way it responds to change and better at anticipating it, in order to provide real-time and insightful results to stakeholders.

To implement these fundamental changes, internal audit will have to keep up with the rest of the

business in modernising and incorporating emerging technologies in its processes. This not only helps the function to deliver more effective and efficient audits; it also allows internal audit professionals to take on more strategic tasks and analysis, in line with how the future of work will be where technology augments the workforce.

And that leads to the talent strategy that underpins the internal audit function. To ensure that internal audit remains relevant and is able to support the changing business needs, building diverse and a wider range of skills will be vital. Technical competence is and will always be important, but increasingly so is a keen understanding of emerging technologies and social intelligence, as well as the use of flexible and contingent resourcing models to enable more effective leverage and deployment of the talent pool.



## Delve Into The Unknown And Step Into Unfamiliar Territories

““

Why is that happening?  
– ask this in every single audit.

””

**NICOLA RIMMER-HOLLYMAN**  
Head of Internal Audit,  
Bank, Wealth and New Zealand, AMP



### *Auditing Culture – A Practical Guide*

Culture is a recent hot topic not just on the agenda of internal audit but throughout the corporate world. Most would agree that it is important and that there is a need to look at culture but yet studies have shown that not many are actually doing it. The question is, “Why?”, which as Nicola highlighted, is the most important of the 4W1H that internal audit may not be asking enough of, which is a powerful question that could surface issues.

So why isn’t culture being audited despite the consensus that it needs to be? The fact that culture is essentially intangible, although corporate culture is manifested through visible actions and behavioural attitudes of people. However, it remains that there is a lot of vagueness surrounding culture, which translates into uncertainty about how it can be audited. This is where boldness and courage come in, which is a trait fast becoming vital for internal audit to have if it wants to become more effective.

Through her presentation and the cultural web which is depicted by various components that

contribute towards an organisation’s culture, Nicola shared practical guidance with delegates on how to go about embarking on a culture audit.

The pertinent question that internal audit needs to be deeply interested in would be “What is it that drives culture in an organisation?” And it is not a simple equation of how people are behaving because that is the end result of culture. In fact, a statement about culture that the organisation wants to implement should be the starting point, against which framework reviews and behavioural reviews could be done to determine the connection between desired culture and ‘tone at the top’ and if there is alignment of cultural values.

Aside from the way an audit of culture can be done, it also became apparent that competencies of the team lie at the core of it. With emerging areas that internal audit should be integrating into their audit activities, new skills are necessary that include both technical and soft skills, the latter in particular gaining in prominence due to the need for internal audit to exercise sensitivity and tact in engaging stakeholders through their audits.

## Think Out Of The Box To Continually Evolve And Improve

### *The Big Things That Limited-sized Audit Shops Do*

Internal audit functions are constantly faced with the conundrum of balancing its limited resources with the mounting stakeholder demands for both assurance and advisory services. Where 'doing more with less' is shaping up to become a basic expectation in the technological age, Shalinder shared the internal audit strategy to deliver impactful assurance over Olam's broad scale and scope of operations.

The three-pillar strategy of Olam's internal audit comprise People, Methodology and Technology, with People being at the core and focusing on quality rather than quantity. A strong but lean team possessing deep expertise and capabilities is much preferable than a large team with limited competencies. The ability to harness the benefits of technology and apply the chosen methodology, coupled with comprehensive knowledge and business acumen is what would enable internal audit to move the needle in delivering effective and efficient audits.

Methodology forms the second pillar, which includes collaboration to get stakeholders onboard and maintaining multiple touchpoints to ensure regular continuous presence of internal audit within the organisation. Shalinder pointed out the importance of good communication and branding, to demonstrate the value of internal audit and raise awareness of the value that internal audit could bring. With a lean team, auditing what matters is the key to optimising resources, necessitating frequent communication. Also, a mindset that embraces innovation contributes to Olam internal audit's methodology, where every opportunity to innovate is seized upon to increase efficiency and effectiveness even when there may not be a pressing need to.

As the third pillar, technology is viewed as an enabler that is leveraged on to automate repetitive activities so as to free up capacity to focus on more strategic areas. Knowing how to use technology well is critical to internal audit's success, otherwise it will only create more risks that may perpetuate and cause further problems.



#### **SHALINDER TANEJA**

Senior Vice-President, Internal Audit,  
Olam International Limited and Governor,  
The Institute of Internal Auditors Singapore

“

The success of the internal audit function will always hinge upon having the right team of people who have deep internal audit expertise and intimate knowledge about their organisation's operations.

”

## Collaborate For Success



“

You are only as strong as your weakest link; embrace a mindset of lifelong learning in pursuit of skills.

”

**PATRICK TAY**  
Assistant Secretary-General  
NTUC

### *Stakeholder Collaboration For Transformation*

In his presentation, Patrick discussed the key trends for the workforce to be prepared for the future which increasingly demands new and more complex skills, and shared tips for delegates to ensure their place in the future of work.

These trends and tips revolved around two common themes of embracing a growth mindset with ownership of skills learning, and the importance of stakeholder collaboration for effective transformation. He assured delegates that even as recent studies have highlighted the risk of job loss due to artificial intelligence and automation, internal audit is here to stay and for a long time. The catch though, is that the role of internal audit has to evolve for this to happen.

This evolution necessarily involves keeping abreast of information, technology and the competencies

needed to be able to audit effectively as work and jobs change in tandem with the business environment. He urged everyone to adopt a mindset of lifelong learning to be ready, relevant and resilient, to pre-emptively and proactively learn especially in view of increasing uncertainty.

Collaboration among stakeholders is also emphasised as a vital ingredient for successful transformation, as we analogise this to how effective organisational transformation requires key stakeholders to be on board and collaborate. Internal audit has to embrace change and take a bold step forward if it wants to be heard and become recognised as a proactive change agent for the organisation.

## Build Strong Allies And Lend Your Voice Of Expertise And Support

### *How Internal Audit Can Better Serve AC Under The Code of Corporate Governance 2018 And New Singapore Exchange (SGX) Listing Rules*

Corporate governance is about setting goalposts and perimeters, delineated by guidance and governance structures that prescribe rules of conduct, reporting lines that spell out responsibilities and assign accountabilities. Although not explicitly described in the Code, the work that internal audit does ensures these goalposts are being adhered to, which makes internal audit an important part of the corporate governance framework.

Internal audit is known to, and can play a greater and more important role in corporate governance. However, as Kala shared, for this to happen, two things are needed – internal audit needs to be sufficiently empowered and internal audit must be willing and able to step up.

The AC is now required under the amended SGX Listing Rules to provide a statement on whether it concurs with the Board’s comments on the adequacy and effectiveness of the organisation’s internal controls. This gives internal audit the opportunity to facilitate the AC to making this statement, by providing the independent and objective check and assurance for the AC to base its assessment on. This would require internal audit to have the necessary resources to do its job well, and have unfettered access to the AC, so that internal audit is able to share pertinent information for the AC to make an informed judgment.

Internal audit has a part as well in contributing to the important role it plays in the corporate governance framework, to ensure that the work it delivers is capable of instilling confidence in the AC to rely on their work. There is a need to possess deep knowledge of the business and its strategy before it can identify the right areas to audit and delve into. Furthermore, internal audit has to ask the RIGHT questions, and also learn to ask “Why?” – something it may not be doing enough of, which was also highlighted by another speaker during the Summit.



**KALA ANANDARAJAH**  
Head, Competition & Antitrust and Trade,  
Lead Partner for Corporate Governance  
Rajah & Tann Singapore

“

Internal audit is a critical part of the corporate governance framework that directors can rely on.

”

The various speakers had categorically highlighted that internal audit is not about ticking boxes or auditing the past. In her presentation, Kala also urged delegates to adopt a proactive stance to determine and obtain a comprehensive understanding of the critical concerns of directors and stakeholders, and be confident of its ability in creating and adding organisational value.



# YES, YOU CAN DO IT!

## Step Beyond The Comfort Zone And Conquer Your Fear Of The Unknown



**JIT PURU**  
Motivational Strategist & Author

“

Learn before being thrown into the deep-end (of the pool); knowledge expands our minds and gives us tools to manage emotions better.

”

### *Leading Change In A Digitally Evolving World*

In a digitally evolving world where everyone has to be comfortable with change, Jit enlightened the audience on how change forces us to move out of the comfort zone, yet the typical psychological response is to fear and therefore resist it.

As he shared his personal journey of change, he encouraged delegates to keep up with time and lead change by acquiring new skills, techniques and strategies. These echoed other speakers' imperatives to internal audit to evolve through conscious and proactive continuous learning, implementing a culture of change in internal audit, and most of all, to start the wheels of action rolling by asking the right questions, and above all, constantly asking and seeking “What must I do next?”

Effective change requires all key stakeholders to be on board and on the same page, and being able to lead change fundamentally needs a strong relationship of trust. Jit encouraged delegates to build trust by connecting emotionally with their stakeholders, creating data stories to influence effectively by framing these from the listeners' point of view and how the story makes a difference to them.

For internal audit to lead with a difference, it is necessary to embrace change and vacate the comfort zone to address and overcome the inherent fears that accompany change and uncertainty. We should not fear failure because experience is our greatest teacher on how we can do better.



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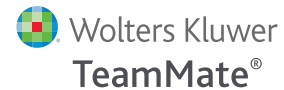
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