



The Institute of
Internal Auditors
Singapore

ANNUAL CONFERENCE 2019

Empowering for
Disruption

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 about 2,500 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.

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INTERNAL AUDITORS HELP ORGANISATIONS TO SUCCEED

Internal auditors are valued by organisations for their ability to understand the organisation and provide an unbiased and objective view of the organisation's risk management, governance and internal control processes. With in-depth knowledge of the organisation, internal auditors also provide consulting to businesses on improvements to systems and processes and deal with issues that are important to the sustainability of the organisation.

To be effective, the internal audit team in the organisation must have qualified, skilled and experienced professionals who are able to carry out work in accordance with the Code of Ethics and the International Professional Practices Framework (IPPF)¹ promulgated by The Institute of Internal Auditors (The IIA).

Through the IPPF, the internal auditors are empowered to perform the audit using a common global set of professional internal audit standards that is accepted by more than 200,000 internal audit practitioners in over 170 countries and territories. Internal auditors are also able to grow professionally through acquisition of a globally recognised IIA certification, continuous learning through attending internal audit training courses and reading thought leadership publications and research reports provided by the IIA global network.

In this disruptive era where many organisations are embracing new technologies and updating their business models, the case for transforming internal audit has never been stronger. Faced with increasing expectations from stakeholders to deliver more timely and effective assurance and insights, internal auditors need to expand their skills and capabilities. Having access to funding to close skill gaps is a challenge, especially for smaller audit groups.

While The IIA continues to maintain the relevance of the IPPF, internal auditors must step out of their comfort zones to fully grasp the challenges of this

evolving landscape. They must continuously upskill themselves, and be willing to invest in their professional development to ensure their relevance and marketability. Attending the 2-day Annual Conference on 16 and 17 October 2019, listening to the experienced leaders sharing experience and insights and the subject matter experts on new tools and strategies, is a good start.

Demographic changes have impacted the composition of internal audit functions and this has impelled the need to relook strategies to attract, manage, develop and retain the multigenerational workforce. The new generation of internal auditors are eager to learn and keen to engage, which impels audit leadership to refresh the way that the internal audit function works.

LET'S REFLECT ON NEW REALITIES

The world is changing and businesses are now disrupted on many fronts, be it changes in business models, an increased regulatory burden, rapid technological changes, talent shortages, or the pervasive proliferation of data. New and emerging risks abound as a result of business transformations, both in intensity and magnitude, which internal auditors can play a key role in helping their organisations manoeuvre the expanded risk universe.

From being proactively plugged in to what is impacting the organisation and its processes, to keeping abreast of current and emerging trends pertinent to the organisation, these were some insights shared by 23 speakers that could help internal auditors successfully navigate challenges associated with the new corporate landscape.

¹The International Professional Practices Framework (IPPF):
<https://global.theiia.org/standards-guidance/Pages/Standards-and-Guidance-IPPF.aspx>

THE WORLD IS CHANGING, INTERNAL AUDIT NEEDS A REFRESH IN SKILLSETS



“

Know your audience well enough – internal audit cannot lead where the organisation is lagging.

”

JENITHA JOHN

Senior Vice Chairman
IIA Global Board of Directors

Keynote Address: Skilful Auditing In A Changing World

Recent years have seen the rise in occurrences of corporate scandals, technological disruptions, cyberthreats, etc., which has led to a dynamically - evolving environment in which organisations operate.

In this data age where things move and change extremely fast, it is crucial for organisations to be acutely attuned to the needs of customers to remain competitive or even viable. For internal auditors, it is also timely to reflect and take stock, to refresh its value proposition accordingly in order to be a trusted business advisor by creating and enhancing enterprise value.

Jenitha used a mnemonic for business transformation imperatives – D²C⁵: Data, Digital, Customer, Competition, Conduct & Culture, Compliance and Cyber. This is also where internal

audit can assess their impact on the organisation, highlighting connections between audit findings to provide deeper and more useful insights.

Internal audit is well-positioned to support good governance and it can do so by aligning its value proposition with the changing stakeholder expectations. This could necessarily involve updating the skills and competency mix of the team, harnessing new tools and techniques or leveraging the concept of Combined Assurance through collaborations with other lines of defence and external providers of assurance. Ultimately, nobody can stay at a standstill and this is particularly relevant for internal audit as it continuously evaluates and improves – one of the Core Principles of The IIA.

IT'S A DIGITAL WORLD – START MANAGING DIGITAL RISKS

“

“If we don’t start now, when?”

”

JAMES FONG

RSA Archer Solution Lead,
Asia Pacific and Japan
RSA, Dell Technologies



Managing Risk In A Digital World

The new reality is a data-driven world accompanied by more and bigger data breaches and hacks. Opportunists have capitalised on the expanding interconnectedness of the digital population to exploit loopholes for reasons that are not limited to financial gains.

New technology that has catalysed innovative business models have led to the emergence of new risks for organisations. As businesses undertake digital transformation to leverage technological advancements, risks have changed dramatically that requires organisations to shift their perspective when it comes to risk management. An integrated organisation-wide approach is now needed where managing IT security risks is not just a responsibility of the IT department but instead, is everyone's responsibility.

In this day and age, digital risk is a business risk and as internal auditors, we need to assure and advise on these risks and how the organisation can execute transformation better. To do so, James

highlighted the importance of integrating data and digital skills into the audit team, whether by acquiring or partnering through co- or outsourcing. It is no longer an option for internal audit to audit around the system but to evolve the audit plan to audit within the system. This is achievable by managing multiple dimensions of business risk using a single, configurable, integrated risk management platform and solutions built on industry standards and best practices.

As internal audit familiarises itself with technology and its associated risks, it can inspire everyone across all three lines of defence to own risk in the digital space and work towards convergence of strategic and operational risks to achieve business performance optimisation. Through a system of engagement and insight on key risk areas, with action driven from within assurance, risk or compliance functions, the gap between digital and business risk management can then be effectively bridged.

ROBOTIC PROCESS AUTOMATION IS A GAME CHANGER

The Automation Journey Towards Accuracy, Quality and Compliance

According to Forrester research², by 2021 an estimated 4 million robots will be doing office, administrative, sales, and related tasks. The reality is that robotic process automation (RPA) technology still remains unfamiliar to many. RPA refers to software robots, not physical robots, as a virtual workforce that can execute business tasks on enterprise applications.

The typical forerunners of technology adoption – the banking and insurance industries – have been using RPA to automate business processes to increase efficiency and cost reduction; although as Warren Ledingham shared, there is an even greater opportunity to generate increased revenue and not just cut costs.

In the same way that RPA can transform an organisation's workforce, the future of internal audit also requires innovation and digitalisation through technology to deliver added value as a trusted advisor. One of the most important steps when starting the journey of digital transformation is to leverage the game-changing technology of RPA and define a clear vision and strategy for automation.

While technology serves as a useful tool to drive efficiency and effectiveness, leaders cannot neglect the importance of the human touch. Success in deployment of automation hinges on encouraging employees to be an active part of the journey, helping them move to higher-value tasks which will bring about significant revenue growth.

RPA is being used to automate repetitive, high volume, and time-consuming business processes. This shift from manual to automated does not mean that internal auditors now need software development or coding skills to stay relevant. There are robotic process automation tools, such as Kryon's Full-Cycle Automation, that are designed specifically with the business user in mind; examples such as a full-cycle intelligent automation suite that guides users from process



WARREN LEDINGHAM

General Manager
APAC, Kryon

“

It is no longer about taking work away (from humans) but a combination of us working together (with technology).

”

discovery through analysis and finally streamlining the automation via intelligent RPA.

As auditors, RPA can help to expedite claims processing, increase process quality and accuracy, while ensuring compliance. By working hand-in-hand with people, human error is eliminated, while human judgment remains – the perfect combination.

² “2017 RPA market report”,
<https://www.nintex.com/blog/the-robots-are-coming-to-take-your-busywork/>

BLOCKCHAIN OPENS A NEW WORLD OF POSSIBILITIES



“

Own it: Be the disruptor, innovator or enabler effecting the changes you want to see in your industry and career.

”

ZANN KWAN

Director
Digital Advisory of Crowe Singapore

An Insider's Guide On Fintech And The Blockchain Technology For Finance Professionals

Technological revolution has an unprecedented effect on our lives which requires the adoption of a new mindset to embrace these changes. Being plugged in to the evolving business landscape for internal auditors also means having that inquisitiveness for continuous learning.

The new economy features the 4Ds, namely Digitisation, Democratisation, Disintermediation and Decentralisation. It is upon these 4Ds together with innovation in cryptocurrency, where new business models and the token economy have taken root and flourished.

As organisations begin to embrace blockchain in their digital transformation journeys, it is critical that internal auditors get up to speed in their knowledge and understanding of the technology driving it.

Singapore, currently poised to be the blockchain hub in Asia, is the perfect place for internal auditors to reinvent themselves as business leaders and relevant professional service providers.

THE INTERNAL AUDIT FUNCTION'S EVOLVING ROLE

What does this all mean for internal audit? As technology changes and becomes increasingly adopted and implemented in businesses, empowerment is also about learning more about these technologies that alter the business environment. Through this, internal audit can become more effective in delivery of assurance and advice by identifying pertinent risks and opportunities that such deployments could bring for the organisation, including within the internal audit function itself.

Panel 1: What Is An Effective And Adequately Resourced Internal Audit Function?

It is apt to summarise the key themes of empowerment on what they mean for internal audit. With appropriate organisational positioning, and by enabling and equipping internal audit with the right tools and techniques, supplemented by the right mix of talent, how does one know if it is adequate and if the resulting internal audit function becomes more effective?

There has been intensifying focus on the importance of internal audit, exemplified by recent revisions to the Singapore Code of Corporate Governance (CG Code), and consequently listing rules of the Singapore Exchange. The latter now requires all listed companies to “establish and maintain on an ongoing basis, an effective internal audit function that is adequately resourced and independent of the activities it audits”. The CG Code also recommends that Audit Committees “review the adequacy, effectiveness, independence, scope and results of the external audit and the company’s internal audit function.”

Effectiveness is subjective and does not lend itself to easy measurement, however panellists recommended the 10 Core Principles of the IPPF, which sets out 10 distinct areas that can be used to assess how effective internal audit is in those aspects. These are also the guiding principles for internal audit, forming a mandatory element of the IPPF. As much as it behoves internal auditors to epitomise them, stakeholders would also benefit immensely from an appreciation of these principles. Furthermore, the quality assurance review is another area that can be leveraged on to ascertain the effectiveness of internal audit, which was presented by another speaker, Ranjit Singh.

“

Internal audit needs to be at the forefront of change and not just be auditing history.

”



STEPHEN CHING

Senior Vice President, Head of Internal Audit,
Singapore Technologies Engineering and
Governor, IIA Singapore

With stakeholder engagement being highlighted throughout the 2-day conference, there was concurrence that one of the ways to measure success or effectiveness would be how involved internal audit is, for example, being invited to contribute in design phases of projects, attending key meetings, and so on. This serves to demonstrate the organisation’s trust in the competence of internal audit and recognition as a trusted business partner for strategic purposes.

Adequacy of resources has and always will be a contentious point for internal audit. What is deemed enough? While it is again difficult to clearly define and gauge what is considered adequate, it is a balance between available resources (comprising headcount, skillsets and technologies) and stakeholder expectations of what they want internal audit to deliver. It was upheld that stakeholders, especially the Audit Committee, need to better understand the terminologies of the principles and frameworks, e.g. 'adequately-resourced', to make an informed decision of what internal audit would really need to carry out the audit plan that the Audit Committee needs to approve.



UANTCHERN LOH

CEO, Asia Pacific
Black Sun

Independence is hailed as a hallmark of internal audit. But as stakeholder demands on internal audit increase that has led to more advisory services being provided on top of core assurance, where does one draw the line? This is where a strong set of IPPF Standards come in that offers guidance on safeguards when internal audit is involved in advisory work, but as rightly stated by Uantchern Loh, CEO, Asia Pacific, Black Sun, who was moderator of the discussion, "Independence is a state of mind and everyone needs to be independent".

“

The Audit Committee has to ensure that the internal audit function is adequately and effectively resourced to provide assurance on key risks that impact the achievement of strategic and organisational objectives.

”



TAN BOON YEN

Senior Director,
RSM Singapore Business Consulting and
Immediate Past President, IIA Singapore

“

All Audit Committee chairs should know how to assess the effectiveness of internal audit based on the outcomes that they want.

”



ADRIAN CHAN

Head of Corporate and Senior Partner
Lee & Lee

EMPOWER TO SUCCEED

The various speakers shed light on different approaches for transforming the work of internal audit functions to identify key focus areas for internal auditors to live up to the role of a trusted advisor and strategic partner in the disrupted business landscape. These can be summarised under three broad themes of positioning, enabling and equipping internal audit, which are discussed in the subsequent pages.



THEME 1**POSITION INTERNAL AUDIT STRATEGICALLY TO DELIVER EXPECTATIONS**

Stakeholder engagement was an area that was repeatedly emphasised by speakers and panellists, zeroing in on more timely and frequent engagement with Audit Committee and Senior Management. Deeper understanding of stakeholder needs and interests, together with better quality communication will serve to enrich the way audits are being done. While it increases stakeholders' appreciation of what internal audit does which ultimately leads to better positioning of the internal audit function, it also ensures internal audit remains relevant as it evolves its priorities to meet stakeholder expectations.

Internal Audit: Can It Be More Effective?

In his presentation, Professor Lim made a strong call for internal audit empowerment. By drawing attention to the Singapore CG Code and the Singapore Exchange Listing Rules, he highlighted how the role of internal audit does not just lie in serving the organisation but also that of public interest.

To that end, it is vital that internal audit is sufficiently empowered to deliver on this role and additionally, for them to do so with the highest level of integrity and ethics. Ethical dilemmas are an inherent risk for internal auditors, which Professor Lim illustrated through a real-world example where it was shared that the Chief Audit Executive (CAE) pressed on with professionalism to do the right thing and not cave under pressure and intimidation.

For internal audit to become more effective in serving public interest, three essential elements are recommended to be present. These include having adequate regulatory empowerment, recognised professional practice standards, and markers of conformance with the standards. Regulatory empowerment can come in the form of national recognition of a self-regulatory governing body, in this case The IIA, which is also the body promulgating the globally-recognised and adopted IPPF. The final feather on the cap would be demonstration of conformance to these Standards, which can be done via disclosure of the Standards being applied within the internal audit reports issued and published.

Internal audit is uniquely-positioned to detect and deter irregularities because they know the business well through audit activities and observations of organisational processes and behaviours. In a self-regulated environment, the

**LIM SOO PING**

Adjunct Professor
Professor of Accounting (Practice)
Singapore Management University

“

We should take a step back and look at internal audit as a whole; not at the weapons but whether we are doing enough to empower internal audit to be more effective.

”

three elements put forth could serve to empower internal audit sufficiently to become more effective both as a trusted advisor for organisations and engender public trust simultaneously.

“

Remember that there will always be conflicting interests and expectations; the art is found in balancing potential pros and cons when making decisions.

”

MARINUS DE POOTER

Owner

MdP | Management Consulting & Training



Don't Manage Risks, Manage Expectations!

Internal auditing has traditionally been linked with risk management, control and governance. Marinus challenged internal auditors to avoid focusing on how the business manages risks. Instead, they should shift their mindset to whether the auditee is able to manage the expectations of the core stakeholders.

The key question that an internal auditor should ask any manager, director or entrepreneur is to what extent their organisation is future-proof. In this fast-evolving digital age, this is definitely a very real and significant concern of many. Marinus outlined his thoughts when those who are accountable ask the following questions:

- How do I become future-proof?
By continuing to manage the expectations of your core stakeholders.
- How do I manage their expectations?
By creating and preserving value for them, which is dependent on what they value.
- How do I realise value for them?
By seizing opportunities and limiting threats.

- How do I benefit from upside risks and mitigate downside risks?
By having effective working standards and practices in your processes and projects.
- How do I develop effective controls?
By balancing the pros and cons when designing, executing, evaluating and improving them.
- How do I ensure balanced decision-making?
By having people in your team who have the right competencies and mentalities.

There is little value in talking about risks outside the context of specific decision-making. Conventional risk management can easily turn into a separate, illusory, and compliance-driven system. Alternatively, Marinus explained that value management, with its integrated approach, offers business leaders a common platform for all their management systems. It helps decision-makers to identify, prioritise, and realise relevant improvements that are needed to continually satisfy their core stakeholders.

THEME 2**IGNITE INTERNAL AUDIT POTENTIAL WITH NEW, COLLABORATIVE APPROACH AND ENHANCED TOOLS**

Regular stakeholder engagement is beneficial in more ways than one. Other than placing internal audit at a vantage position to offer timely advice to stakeholders on managing risks associated during the implementation phase (before they arise), involvement with business units during deployment of emerging technologies can simultaneously ramp up internal audit's competencies.

Such enablement can support internal audit in its ability to perform stronger assurance and additionally, to move beyond assurance and the traditional scope of the audit plan.

Amidst the slew of new technologies being adopted by organisations or internal audit, concern over digital and data governance have surfaced, which is an area where internal audit can contribute valuable insights on risks, processes and governance.

In a persisting climate of economic and geopolitical uncertainty, corporate governance is critical in anchoring confidence within our organisations, and this rests on having a strong corporate culture. The need for an audit of corporate culture has gained increasing attention of Boards and Senior Management, featuring more and more on internal audit's agenda.

Three Lines of Defence And Combined Assurance by Jenitha John

With the new realities faced by organisations and internal audit as described earlier, it is imperative that tools and skills of internal auditors are constantly enhanced and renewed. It is also a timely initiative by The IIA to review the three lines of defence model. This can lead to better alignment and collaboration across the lines to deliver Combined Assurance, something that is still fairly new in this part of the world.

For Combined Assurance to work, a strong tone at the top, tune in the middle, and rhythm on the dance floor, complemented with a robust risk culture across the organisation, need to be in place. These, underpinned by a mature risk management framework and function, can effect a single, holistic view of the organisation's risk and control environment to help the organisation navigate the dynamic business landscape.

The rapid developments in technology offers internal audit the opportunity to capitalise on innovative ways to refresh the audit approach and turn volatility, uncertainty, complexity and ambiguity into becoming more visionary, with better understanding, greater clarity and increased agility.

“

Internal audit must be in tune with the organisation. We have the organisational positioning, corporate intellect and tools to turn all we touch into gold!

”

**JENITHA JOHN**

Senior Vice Chairman
IIA Global Board of Directors

“

The best way to predict the future is to invent it.

”

JIMMY NG

Group Chief Information Officer,
Head, Group Technology and Operations
DBS Bank



Auditing @ The Speed Of Relevance – Whole Of Audit Agility

The shift in global geopolitics has had a major impact on the organisation's environment in altering its risk profile tremendously. It is therefore necessary for rapid sense-making by internal audit, with swift responses to how changes in the external environment affects the internal environment. With this fast movement of risks, risk assessment can no longer be done on an annual basis like how it used to be, but instead continuously.

The adoption of agile approaches in auditing is something that has gained traction in recent years, particularly with how it has enabled DBS Group Audit to reimagine their audit methodology to audit at the speed of relevance.

It brings about greater relevance of audit results, as internal audit moves from providing insights to delivering foresight that brings more significant value for stakeholders to enhance decision-making. But execution has to be done well, beginning with a pilot that involves cross-functional teams in the critical planning phases that helps foster ownership and transparency. This ultimately contributes to stakeholder buy-in when benefits materialise in the form of reduction in time for audits and debating audit issues, amongst others.

However, as Jimmy shared, embracing an agile mindset and implementing agile methodology are just one aspect. Taking it a step further, DBS Group Audit has even revamped the workspace to facilitate collaboration between auditors and auditees. With stakeholder expectations and demands on internal audit rising sharply in view of the fast-evolving environment, collaboration is key to developing a holistic understanding of risks. When risks can be zoomed in much quicker, time taken to identify information needed for audits can also be shortened and cadence of work can be accelerated.

Methodology and workspace aside, the auditor of the future also needs to be agile. He or she needs to be multiskilled and the traits that are descriptive of the future auditor – from having the ability to connect the dots, being bold and courageous, possessing excellent communication skills to bring across complex matters in simple terms, to being humble and able to laugh at one's own mistakes.



“

Being an accountant, you need to be good; being an auditor, you need to be better.

”

LYON POH

Partner and Head of Digital & Technology
KPMG Singapore

The Role Of Internal Audit In Relation To Emerging Technologies

In this digital age, each cycle of industry revolution has been proven to take businesses to a new frontier and Industry 4.0 is no different. With an increasingly interconnected world, digital innovation is disrupting traditional business models and transforming people's lives. This has also introduced a host of new risks that were not considered in the not-too-distant past.

Surveys have shown that a significant portion of senior executives are looking to adopt new technologies – also known as the ABCD of emerging technologies (i.e. Artificial Intelligence, Blockchain, Cloud and Data). By focusing on the ABC of disruptive technologies that are driving digital transformations, Lyon outlined the relevance and benefits of each of them but more importantly, drew attention to the risks that internal auditors should be concerned with.

With these technologies, internal auditors need to be adequately equipped to effectively audit them, and one of the best ways is for internal auditors to learn about and leverage on them within their processes. As the organisation embarks to

implement these new technologies, internal audit can proactively volunteer for these projects to get involved and learn.

The digital auditor starts with having the right mindset with the ability to adapt and change. Essentially, that translates to a journey of continuous learning because internal auditors need to run alongside the business to keep pace and perhaps even run ahead of them to provide assurance on key business risks and advise where opportunities lie for the business to take advantage of.

Although new technologies, like with most nascent and unfamiliar concepts, may be intimidating for most people, internal audit can adopt them in incremental and agile ways. The first step, no matter how small, always needs to be taken for us to get anywhere.

“

Aim for the quick wins to make continuous auditing sustainable; continuous auditing will not replace but instead supplement point-in-time audits, advisory and other value-added work of internal audit.

”

VINCENT CHEANG

Managing Director and
Director of Internal Audit, GIC Private Limited
and Governor, IIA Singapore



Recurring Assurance Through Continuous Auditing

For a few years now, data has been hailed as the new oil and the variety of digital tools has burgeoned greatly. Continuous auditing is not entirely a new notion but it has not been widely practised and even if it is, the ways in which it is being used would most likely also differ from organisation to organisation.

Vincent provided a glimpse into GIC's journey to continuous auditing that began in early 2018. It is evident from his sharing that while it is not an easy journey to embark on that saw its fair share of challenges and setbacks, continuous auditing is still an extremely worthy pursuit.

Continuous auditing is resource-intensive in the initial phases and requires substantial time on maintenance of scripts and troubleshooting, in addition to both auditee and auditor fatigue that could result when data is not readily accessible by the latter. However, the benefits from its deployment are what internal audit can leverage on as we progress into the digital age. Inevitably, internal audit is expected to do more and better with less, and innovative ways to enhance

efficiency and effectiveness would contribute to internal audit staying relevant in these times.

The use of continuous auditing has enabled the achievement of higher audit coverage, i.e. 100 per cent in areas with fully-automated scripts, and through collaboration with other business functions, teams have been able to learn and upskill. The innovative ways of testing coupled with the increased coverage have also garnered positive feedback from stakeholders that helped to strengthen buy-in for more support needed to refine the process for better results.

GIC's foray into continuous auditing is doubtless one filled with learning points, including the need to envision a journey of trying and learning, fine-tuning the strategy if necessary, to achieve an optimal balance between continuous auditing and point-in-time audits.

**LEE YING CHOONG**

Head of IT Audit and Data Analytics
GIC Private Limited

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To be effective business partners, audit professionals need to understand the opportunities and threats posed by new technology. Machine learning techniques enhance our effectiveness, by giving us greater insight into potential risk areas which are harder to identify using rule-based systems.

”

Stronger Assurance Through Machine Learning

Machine learning is among the next-generation internal audit competencies examined by Protiviti in their 2019 Internal Audit Capabilities and Needs Survey³. The study found that internal audit groups have made less progress implementing next-generation enabling technologies as compared to next-generation methodologies (e.g. continuous monitoring, agile audit approach, dynamic risk assessment). It made a call to action for internal audit to deploy these technologies as they can yield transformational and higher-value benefits over and above efficiency gains. These include generating a real-time view of risk, identifying unknowns, quantifying expectations, identifying root causes and enabling continuous auditing.

Other than the continuous auditing journey of GIC that Vincent shared, Ying Choong provided a succinct explanation of what machine learning is about in the context of artificial intelligence and the differences and use cases for supervised and unsupervised learning. The deployment of machine learning within GIC was illustrated with case studies to demonstrate how it can enable internal audit to become more effective and efficient, with models being continually refined to reduce false positives and overcome the risk of bias.

While many are concerned that next-generation enabling technologies would lead to job loss and subject them to becoming irrelevant, it has also been widely discussed that these technologies currently augment human judgment and therefore, humans are still very much a part of the equation. As resources are freed-up from automating manual and repetitive tasks to increase the scope of coverage of the burgeoning volume of transactions, humans can move on to higher-value work.

³https://www.protiviti.com/sites/default/files/united_states/insights/2019-ia-capabilities-and-needs-surveyprotiviti.pdf

Culture: Assessing The Seen And Unseen Forces In Enabling High Performance

The scope of internal audit has progressed beyond providing assurance over the traditional auditable areas, among them an area often mired in significant uncertainty – corporate culture. It has been demonstrated via studies of recent corporate scandals and failures that culture has played a major contributory role to them. On the flipside, studies have also shown how a strong corporate culture can be a potential competitive advantage for organisations and provide higher shareholder returns.

With the growing interest in culture, the question that arises in the minds of most people would be how something as intangible as culture can be assessed objectively. As with emerging technologies that carry new risks but are yet shrouded in ambiguity, internal auditors need to be enabled to audit culture. While a culture review can be performed at any time, typical situations for which a culture review should be critically considered are for example, business transformations, post-integration merger-and-acquisition scenarios, or when there are repeated control failures that could be a signal of cultural issues. However, it is important that cultural reviews are carried out on management's or the Board's mandate, as management support and buy-in are crucial in ensuring the success of such reviews.

The ACCA Culture Governance Tool offers a structured assessment tool that internal auditors could make use of, which translates culture into tangible components of organisational policies and procedures that facilitate assessment.

As explained by Sharath, with both seen and unseen elements, the tool effectively classifies the various facets of culture into five components, namely Organisational Values, Risk-taking and Transparency, Accountability and Trust, Sustainability, and Interconnection; with the overarching tone at the top in the middle. Culture facilitates behaviours that follow through from the tone at the top, and these have a bearing on achievement of organisational objectives, which in turn also develop and nurture culture. While the tool contains five distinct



SHARATH MARTIN

Regional Consultant,
Professional Insights Lead
ACCA, ASEAN and ANZ

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Culture is often the key differentiator between high-performing and average companies. Yet, culture is seldom reviewed. The idea that culture is amorphous and lacks objective measurement can today be effectively debunked.

”

components, it is important however to not look at them individually as they are all interconnected. One way to utilise it would be instead to assess them as a pair, which Sharath shared examples of the areas to look at to illustrate his point, such as feedback mechanisms, which span both the categories of interconnections and sustainability.

The volatility of the business landscape, together with the advent of new technologies, make it possible for internal auditors to be innovative in leveraging analytics or artificial intelligence to make a measured assessment for something even as subjective as culture.



“

Just as internal auditors provide recommendations on best practices and improvements, they themselves have to continuously develop and enhance their skills. The Quality Assurance and Improvement Programme is the tool for it.

”

RANJIT SINGH

Group Chief Executive Officer and
Executive Director
Axcelasia Inc

Quality Assurance Review: Sharing Of Case Studies

Despite the new areas for internal audit to consider and include within their scope as a consequence of changes impacting the organisation's business environment, fundamentals still remain at the core of internal audit's value proposition. One of the best ways to establish the credibility, quality and competence of the internal audit function and its staff is the quality assurance process.

As a mandatory element of the IPPF, it is an essential part of internal audit especially in advising and championing continuous improvement for the organisation.

In his presentation, Ranjit outlined the framework for quality assurance with reference to the Standards that covered the Quality Assurance Improvement Programme (QAIP), its requirements and reporting on the QAIP. He also shared on the additional guidance that internal auditors can refer to on how they can approach a quality assurance review to achieve the Standards.

Examples were also brought in from his vast experience in conducting quality reviews, which provided valuable lessons and offered suggested ways for internal auditors to overcome potential challenges in carrying out such reviews.

These lessons communicated the importance of appropriate positioning for internal audit, as well as the need for internal audit to motivate management to ensure they implement action plans arising from audit findings.

To take the quality process a step further, Ranjit also recommended that internal audit utilise the Internal Audit Ambition Model⁴ to assess the maturity of the team and determine where internal audit should aspire towards along a set of parameters. These would help internal audit to level up and continue to create and add value for the organisation as a trusted and strategic advisor in the challenging and disruptive times.

⁴The Internal Audit Ambition Model:
<https://www.iaa.nl/kwaliteit/ambition-model>

THEME 3**EQUIP INTERNAL AUDIT WITH THE RIGHT TALENT MIX**

To reinvent our future as digital auditors in the next decade necessitates a bold mindset and paradigm shift to think and act differently from before. Armed with the right mix of people with the necessary skills and competencies that are relevant to the evolving environment, internal audit is well-placed to deliver to stakeholder expectations.

DEVELOP AN EFFECTIVE TALENT STRATEGY***Navigating Disruption With An Effective Talent Strategy***

Change is often necessary and important in fuelling progress. Internal auditors have to get comfortable with being uncomfortable to help organisations navigate risks that result from a changing world.

Appropriate positioning of internal audit and equipping internal auditors with the right tools go a long way in empowerment but without a sound strategy for managing talent, neither of the former two elements would be sufficient or succeed.

As demographic trends and profiles change, internal audit's talent strategy also needs to adapt and evolve in response to needs and capitalise on unique traits of a multigenerational workforce.

Faced with new-world realities, stakeholders are expecting more from internal audit and CAEs cannot afford to be performing audits based on existing competencies within the team. Instead, there is a need to constantly assess potential skills that internal audit would require as the business landscape evolves, and purposefully strive towards bringing strong talent in, even if it is on a temporary basis.

Exacerbated with a fierce war on talent, the ability to attract and retain talent hinges on being able to demonstrate that development of the auditors is a key priority of the CAE. Strong internal audit leadership who walks-the-talk and continuously motivates, mentors and rewards the team would also contribute towards effective succession planning.

In his presentation, William shared tips that included amongst others, the criticality of

**WILLIAM MICHALISIN**

Executive Vice President &
Chief Operating Officer
IIA Global

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The investment you make in change today will determine the success of the pipeline you build (for tomorrow).

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frequent engagement with the team, as well as establishing expectations on high standards of behaviours. Armed with a strong team equipped with the right and relevant set of competencies to address stakeholder needs and expectations, internal audit is poised to be a proactive partner to support the organisation in optimising opportunities during times of uncertainty and disruption.

EMBRACE THE YOUNGER GENERATIONS

The prevailing demographic trend of rising life expectancy and the government's initiatives on rehiring of mature workers, coupled with the emergence of a gig economy, have brought about greater diversity in the workforce that has given new meaning to multigenerational. Today's workforce comprises several generations, with the majority falling within these categories – baby boomers, generation X, generation Y (also known as the millennials) and generation Z.

Each generation brings with them perspectives and expectations that can differ vastly, from working styles to preferred ways of engagement. These have resulted in a new set of challenges for organisations and also internal audit teams to effectively handle the widening gap and bridge the generational divide. Strategies to attract, manage, develop and retain professionals from each of these generations have to be customised accordingly to ensure a well-balanced team who can contribute to the team's success.

Panel 2: The Next Generation Of Internal Auditors – Takeaways, Insights And Aspirations

William Michalisin's presentation drew attention to the importance of employee engagement as part of the talent strategy where we are seeing a multigenerational workforce with different expectations and preferences when it comes to working styles, environments and objectives.

It was an opportune moment to gather the next generation of internal auditors to find out their views on what is required as we enter the future of internal auditing.

The panel discussion elicited several prominent core traits that the future auditor should possess, which align with what other speakers expounded on in moving beyond the traditional skillsets of internal audit. Increasingly, a mindset change is necessary to embrace new things and learn continuously and fast. Being able to demonstrate good listening skills and communicate effectively help build rapport with stakeholders which is a key characteristic of a business partner and trusted advisor.

As this group of internal auditors become a more significant part of the workforce, there is the need to adjust working spaces and processes, to cater to their needs while not neglecting that of the existing team. Furthermore, with how fast change is occurring, regular sharing of feedback within the team can facilitate effective improvement and professional development that can also contribute towards retaining talent.

What has kept these young professionals going in a career that they unanimously agreed comes with a set of challenges that are quite different from numerous other professions?

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With shorter service and product lifecycles and traditional business models being disrupted and displaced in today's dynamic and increasingly digitalised world, the ability to be agile and innovative is the differentiating factor that will set you apart in the race to be relevant, protect and create value for your organisations.

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JONATHAN HO

Head of Internal Audit,
Risk and Compliance Services,
Head of Enterprise Market and Partner,
KPMG in Singapore;
Treasurer, IIA Singapore

It was inspiring to learn that the journey to earning trust of the business and becoming an advisor to arrive at win-win situations with stakeholders is one of the primary reasons, which CAEs can certainly take note and weave into the development roadmap of their teams.

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Adapt to this fast changing landscape and build good rapport with stakeholders for better governance and risk management.

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NG LAY TIN

Senior Auditor, Internal Audit
Citibank N.A. Singapore Branch

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Build professional scepticism – Trust no one but ask the right questions to build credibility.

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NICOLAS CHAN

Assistant Vice President, IT Audit, Group Audit
OCBC Bank

“

If you are willing to change, you can soar to the skies.

”



CLEMENT PNG

Deputy Manager, Internal Audit Division
Chief Executive's Office
Land Transport Authority

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Internal audit makes the best CEO – we see and learn every process and it's the reason why we need to embrace change and continually learn new things.

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TILDEN TAN

Senior Manager, Group Internal Audit
Fraser And Neave Group

EMBED LIFELONG LEARNING DNA

The Future Of Learning – Adult Learning Architecture

Lifelong learning is a theme replete in today's volatile environment and increasingly, internal auditors need more than just solid technical competencies to live up to the growing expectations and demands from stakeholders. As mentioned by other speakers, more emphasis is now being placed on internal auditors having soft skills in communication and engagement of stakeholders. Furthermore, they have to gird themselves with adversity quotient (AQ) and collaborative quotient (CQ) in addition to the basic must-have of intelligence quotient (IQ) and emotional quotient (EQ).

In the new world order, Whee Teck's adult learning architecture is a timely resource to guide internal auditors on their path to the future of learning.

Built on the a, e, i, o, u of 5Ms – matter, membership, mind, motivation and muscles – the framework puts a structure to learning and helps one to progress from the state of ignorance to awakening, learning and finally mastery. This is when it has become such an ingrained part of you without you even being aware of it

Together, the 5Ms describe approaches or tools (matter) to acquire, being with people aligned to the same interests (membership), adopting a growth attitude (mind), reflecting on and discovering one's purpose such as by speaking to mentors (motivation), and devoting time to practise and get better at it (muscles). All of these contribute to a better outcome for learning and would be highly-beneficial for internal auditors in charting their learning roadmap to embed into their DNA these new skills that they would invariably need to thrive in the new realities of work.



ONG WHEE TECK

Chief Executive Officer
Trusted Services Pte Ltd

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Change is happening dramatically and at such a fast pace that you have to accept it and learn as fast as you can – what is your response to it, what is your strategy and what behaviour are you developing for it?

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CONCLUSION

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*The future is ours to create —
Own your transformation journey.*

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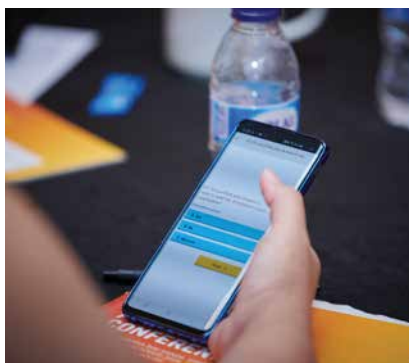
As Professor Lim Soo Ping aptly puts it, internal audit serves not just the organisation but also public interest – we are a critical component of the corporate governance ecosystem. The goal of internal audit is not about prediction but preparedness – this means being adaptable, courageous, resourceful, expert, objective and vigilant. With this, the internal audit function is in good stead to deliver assurance efficiently, and offer advisory services expertly, while anticipating risks effectively.

Internal audit should be a mindset that forms an integral part of corporate culture which starts from the top. Receiving empowerment from stakeholders is just half of the battle won; internal auditors also need to step up and empower themselves to fully reap and deliver the benefits of empowerment.



TAN SUAN EE

Vice President, IIA Singapore and
Conference Chair of Annual Conference 2019







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