GLOBAL INTERNAL AUDIT LEADERSHIP SUMMIT AND ANNUAL CONFERENCE 2018
POST CONFERENCE REPORT

ORGANISER
The last few years have witnessed seismic changes in the business and professional landscape, it is an opportune time for internal audit to take stock. What are the challenges that the profession faces, and what can internal auditors do to turn risks into opportunities?

In October 2018, The Institute of Internal Auditors (IIA) Singapore hosted more than 200 delegates at our Global Internal Audit Leadership Summit and Annual Conference, where delegates got to network and connect with their counterparts, as they exchanged thoughts and experiences on internal auditing in the increasingly digitised economy that calls for boldness in pushing frontiers.

With 29 speakers contributing to a wealth of expertise through panel discussions and plenary sessions, the confluence of perspectives from these thought leaders aimed to bring fresh insights to internal audit leaders and practitioners. They were informed of the latest trends and developments that would impact them as internal auditors and learned about what they would need to keep on their radar as digital transformation continues.

This report captures the salient issues and views presented during the three-day event, to apprise you of the pertinent topics that the internal audit profession is required to deal with and embrace, so as to seize opportunities while managing the risks, staying the course to continually transform for greater relevance to the business.
INTRODUCTION

“A STORM IS BREWING” ON INTERNAL AUDIT’S HORIZON

Fast-changing and highly-competitive, the current business environment is characterised by a new norm that is change and uncertainty. Coupled with digitisation, the growing complexity of regulations now challenges boards and management to be more responsive and anticipatory. Organisations need to be agile in the face of disruptors that make the threat of obsolescence very real and possible. Being prepared and in addition, resilient in the face of cyberattacks, could become a key differentiating factor for organisations to rise above their competitors.

This development was also emulated in the Global Perspectives and Insights paper by IIA on Top Risks Faced by Chief Audit Executives (CAEs) for 2018, which highlighted five areas that included: Talent Management, Data Analytics, Cyber, Regulations and Responding to Disruption.

These concerns feature prominently in every leadership agenda regardless of industry sectors and professions, as technology becomes increasingly intertwined with everyday lives and business processes. The unparalleled speed of change requires multi-skilled and highly adaptable individuals that prompt intense competition for such talent across the entire spectrum of organisations and industries.

“SCIENCE-FICTION HAS BECOME SCIENCE-’FACT’”

The Singapore Government has taken the lead in digital initiatives to enable organisations and the workforce in meeting challenges posed by this era of technological disruptions, where concepts and ideas that might have been considered remote or impossible in the recent past have now become a reality.

It was also discussed in an IIA IA Foundation Research report “Aligning Internal Audit Activities and Scope to Organisational Strategy” about the digitisation trend that affects the skills required of internal auditors, together with higher demand for advisory and consulting services as a result of the changing digitised business environment.

Here in Singapore, plans are underway to drive transformation across the economy, the biggest domain driving growth and competitiveness. The state-led digital transformation journey comprises strategic national projects that become key enablers for our Smart Nation drive. In particular, Artificial Intelligence (AI) will be significantly pushed for deployment within the government’s processes to support its digitalisation efforts in serving the citizenry.

This will encourage private sector organisations to follow suit, with various funding enablement to help them adopt new technologies. As AI becomes more mainstream, internal auditors need to also ensure that they stay continually updated with the evolving and transforming business processes in order to both know how to audit them, and adopt them in internal audit delivery.
TAKE CHARGE AND SEIZE OPPORTUNITIES
As technologies and digitisation are instrumental in driving changes in our business operations and even our jobs, the internal audit function must keep pace and adapt to the times. You'll need to be agile to embrace and proactively respond to these opportunities and challenges that these technologies will bring.

Ng Chee Meng  
Secretary-General, NTUC

ARE YOU DRIVING CHANGE OR BEING DRIVEN BY CHANGE?

With new technology emerging constantly and frequently, internal auditors are faced with ample opportunities to provide insight and foresight to stakeholders through the work they carry out, which requires development of skills in critical thinking and creativity. Internal audit needs to be adaptable and agile, to innovate and expand beyond traditional mindsets of internal audit delivery and their role.

THOMAS SANGLIER  
Senior Director, Internal Audit  
Raytheon Company

Audit’s Role in Organisational Digitisation

Recent years have seen technological disruptions becoming more common that it is escalating into a major force of change for organisations, internal audit and each of us. From the Internet of Things (IoT) to augmented reality to blockchain, technology brings with it risks and opportunities.

In his presentation, Thomas discussed the risks and impact of several emerging technologies of our times, and highlighted the key risks facing internal audit. The bigger questions loomed in relation to these risks – how do we audit them and who are we auditing – which brought the focus to the roles and responsibilities of governance surrounding disruptive technologies; what the Board’s role is, and what internal audit’s role is.

With the speed at which changes are taking place, it is inevitable that roles would also shift accordingly, which therefore impels that the future governance framework has to be one of sufficient flexibility that allows for transparency and rapid communication.

Promises of efficiency and productivity improvements brought about by technology has created expectations of resource streamlining with greater output. In order to stay ahead of this disruptive curve, internal audit needs to embrace the technology revolution and become part of the organisation’s strategic transformation. This necessarily requires internal audit to deploy these technologies within the function itself, simultaneously adopting an agile approach and innovative strategies to fuse talent with technology and build the competencies and skillsets that have become fundamental in the digitised age.
TAKE ACTION TO STAY RELEVANT
BE CONFIDENT TO SEIZE OPPORTUNITIES AND SEE THEM ALONGSIDE EMERGING RISKS

Even as technology skills that were formerly the domain of specialised IT auditors become a basic skill for business auditors, evident from the revisions to the Certified Internal Auditor (CIA) certification syllabus that features a distinct segment on data analytics, assurance remains a core activity and deliverable of internal audit. Therefore, while learning new skills, internal auditors need to revisit and strengthen/sharpen their fundamental technical skills and keep updated on revisions or developments.

MARINUS DE POOTER
Owner
MdP I Management, Consulting & Training

Illusory Risk Management – Leveraging COSO ERM 2017 for Organisational Success?

Organisations are expected to create and protect value for their key stakeholders; however, terms like ‘success’, ‘result’, and ‘improvement’, are meaningless if they hold different connotations and value for different people.

In this thought-provoking session, conventional risk management concepts were challenged, where Marinus presented an A to Z of the pitfalls associated with traditional risk management.

Through a comparison of the earlier COSO Enterprise Risk Management (ERM) framework published in 2004 with the updated version of 2017, risk management was contrasted against value management, as practical advice was shared on how the updated framework can benefit organisations when current practices are abandoned in favour of a greater focus on value management instead.

By linking the framework with strategy and performance, with an increased attention to culture, Marinus also demonstrated how risk management should be an integral and not separate item on management’s agenda, as it facilitates visualisation of clustered activities of the organisation to assist management in having a holistic view of things.

A framework serves its purpose as guidance, and can never be fully prescriptive as a one-size-fits-all panacea for every organisation. It is only as good as the person who is using it, through a combination of external knowledge and internal information to achieve the best results to resolve and align potentially conflicting interests of various stakeholder groups.

As the audience was challenged to break out of strict adherence to frameworks and abandon their current risk management practices in favour of a focus on value management, this session showed how they should exercise flexibility and enhance competencies to better balance opportunities and risks for their organisation’s strategic success.
Where do we think we want internal audit to be when the ‘storm and wind’ of disruption are blowing in the organisation?

Tham Sai Choy
Chairman of Singapore Institute of Directors

“CARRY THIS EXPERIENCE WITH YOU AND STAY RELEVANT. ANTICIPATE, GET INVOLVED AND TAKE ACTION.”

Continual reskilling and upskilling is a necessity for today’s workforce both in response to and in anticipation of the lightning speed of change that can dramatically alter the skillsets needed to be relevant, and thrive in the ever-changing landscape.

With data increasingly becoming the currency of the digital economy, internal auditors can no longer shy away from reskilling to learn competencies in analytics that not only analyse, but also prescribe and predict. With the right mindset to evolve and transform, agility in internal audit is a reality in which the function can ready itself to meet the challenge in the future!

WITH CHANGE TAKING PLACE SO RAPIDLY, INNOVATION IS KEY TO INTERNAL AUDIT SUCCESS

Hailed as the key to owning impact and delivering influence, the speakers and panellists have sought to dispel the (mis)perception that innovation has to always involve the latest and greatest technology that is frequently associated with high, prohibitive costs.

Moderator:
Tay Woon Teck, Managing Director, Risk Advisory, RSM

Panellists:
Debbie Goh, Senior Vice President, Group Internal Audit, Fraser and Neave Group and Governor, IIA Singapore
Antonio Martinez, Head of Internal Audit, DKSH Management Pte Ltd
Thomas Sanglier, Senior Director, Internal Audit, Raytheon Company

Panel Discussion: Changing the Internal Audit Business Model for the Future

In recent years, technology has enabled disruptions that have tremendously altered the environment in which businesses operate. The unconventional overlap of industries, products and/or services, along with new business models that were never once thought of as possible, have displaced some businesses that may have once enjoyed natural competitive advantages. As organisations recognise the urgency to transform for sustainability and viability, the role of internal audit also needs to realign to effectively meet the growing expectations of stakeholders.
A lot hinges on the CAE to ensure that what internal audit does always remain relevant to the business. It is on the premise of rapid and frequent change, and the constant state of flux that businesses are subject to, that makes independent and objective assurance of strong controls being in place to anticipate and mitigate risks, existing or emerging, an even more compelling story to tell.

This behoves the CAE to keep pace with and understand how the organisation’s business model evolves, and adjust and transform the internal audit business model accordingly. Through sharing of their personal journeys leading internal audit teams through disruptive times, panellists highlighted once again the importance to continually learn new trends and be vigilant of how these could alter the risk profile of their organisations.

They advocated that fundamentally, the role of internal audit has not changed; it is the execution of the internal audit strategy and how this looks like, which are no longer the same, as technology and digitisation revolutionise work processes to require accommodation of agility and flexibility with the swiftness of change. A dynamic business landscape lends itself to audit scope expansion for more advisory activities instead of strict assurance, which thus demands a delicate balancing act on the part of the CAE to advise and collaborate with the first and second lines without crossing the line of independence.

Technology took centre stage in this conversation, where the skillset of the internal audit team has now shifted to one requiring a higher degree of data literacy and digital competence, be it in foundational analytics capabilities or more sophisticated robotic process automation (RPA) techniques that would enhance the whole audit delivery process to produce better insights with optimal resource usage.

Beneath this, the aptitude and willingness to learn and the hunger to experiment and explore the new, step beyond the traditional confines of what internal audit has always done, have reshaped these CAEs’ talent strategies.

Overall, the panellists urged delegates to not be afraid of stepping up, espouse a mindset of continuous learning and flexibility, and always seek creative innovation – finding obvious solutions to unexpected problems, and vice versa.

**JONATHAN HO**

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

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**Internal Audit Transformation in the Light of Business Disruptions Today**

With business disruptions becoming a norm of today’s increasingly digitised economy, organisations need to be constantly prepared in anticipating and coping with emerging trends, technologies, and their associated risks.

As change earns its place as the new norm, agility is now branded as the currency of business, as delegates were asked “Is conventional internal audit still sufficient?” While objective assurance is still important, internal audit needs to be agile and change, or be vulnerable to displacement and irrelevance.

Delegates were also invited to assess the current status of their internal audit department, over a spectrum that ranged from ‘underperforming’ to ‘excelling’, with the former described as reactive, inefficient, and costly silos, while the latter was characterised as proactive, aligned to business, with a single view of risk.

While the conference’s keynote address asked “Where do we want to be?”, this session posed the question “Where do we need to be?”, as Jonathan explained how integrated assurance can provide coordinated control testing, with joint risk and control monitoring to facilitate streamlined, transparent and focused management reporting.

Among the various areas discussed in the transformation of internal audit, culture stood out as a key topic of concern. As culture gains the attention of CEOs, internal audit can play a critical role in assessing and managing culture risk. Some examples include soft controls audits, doing a deep dive review of culture, and using analytics testing to identify instances of inappropriate culture. However, due to the sensitivity of culture audits, the degree of execution needs to be well-calibrated and communication is key to demonstrate the importance of having the right culture for the organisation.
Results of Deloitte’s 2018 Global Chief Audit Executive Research Study

The unparalleled speed of change puts organisations in a state of increasing uncertainties and expanding breadth of risks.

For decades beginning from the birth of modern internal auditing, the profession has not been impelled to innovate as much as it has to do so today. The 2018 Deloitte Global Chief Audit Executive Research Study which gathered insights from more than 1,000 CAEs representing internal audit functions from 40 countries, highlighted a high correlation between innovation, impact and influence, as Terry sought to debunk the common misperception that innovation always has to come at high cost, involve technology or deep levels of sophistication.

Sharing Deloitte’s Internal Audit of the Future 3.0, he also presented the blueprint for internal audit success into the future which will normalise uncertainty, and where internal audit will need to help stakeholders gaze into the crystal ball.

By adopting technologies such as RPA to automate core activities relating to assurance, internal audit can divert and dedicate resources to take on a greater advisory role in helping the business to anticipate risks arising from changes faced by the organisation.

The imperative to learn and relearn was a recurrent theme at the conference, as demonstrated also from this study that reported one of the primary factors for not having greater impact and influence was the lack of key skills e.g. analytics. Greater commitment is therefore needed for internal audit to invest in upskilling and constantly seek opportunities for automation and innovation.
Technology has enabled growth opportunities for businesses with the proliferation of electronic commerce that has opened up new markets for companies to expand into. The gradual disappearance of geographical boundaries of business simultaneously necessitates a change in how business processes are designed and executed, including internal audit.

This also means a pressing need to consider innovative ways and leverage new tools, to integrate internal audit work, and not deliver business process assurance and technology audits in isolated silos as it was in the recent past.

JASMIN LIMBO
Vice President, Audit Services Group
Las Vegas Sands Corp

AMANDA WONG
Associate Director, Audit Services Group
Marina Bay Sands Singapore

Conducting Global Audits – Innovation and Change Leadership

With the globalisation of business operations that generate and collect an exponentially greater amount of data than before, more consideration is needed on the impact that this would have on the organisation, especially in light of risks related to data privacy.

Delivering audits that are insightful and forward-looking would enable internal audit as an active player in supporting the organisation to be aware of and effectively manage current and emerging risks.

By sharing their experiences at Sands Corp, Jasmin and Amanda spoke at length about how internal audit needs to be both a business partner and change agent, and although there is a strategic imperative for innovation and change, innovation is not just about technology. Internal audit needs to start and continually challenge themselves more to add value, for instance, not to just think of how to audit new technologies, but instead go a step further and think of how to be part of the governance committee for said technology being deployed within the organisation.

The need to ensure that learning never stops was reiterated where the internal audit team continually strives to stay aware of leading-edge practices, learn from their counterparts, and make use of quality assessments, both internal and external, to improve and benchmark themselves against other organisations from a diversity of industries.
Panel Discussion: How Internal Audit can be Empowered and Enhance its Value-Add through Innovation and IT

As innovation continues to be touted as a key ingredient to being relevant, regardless of whether it applies to businesses in general or the workforce, and internal audit in particular, there is always room for discussion and contention of what actually connotes innovation and how can one innovate effectively?

In this panel discussion that presented views from both internal audit practitioners as well as a Chief Financial Officer, the common thread arose that linked innovation with value creation, with the inability to innovate leading almost with certainty to stagnation and irrelevance.

Contrary to what many may subscribe to, innovation does not always mean having to involve cutting-edge technological tools. It can be a simple change to existing processes that could yield enormous benefits and results, or it could also be adopting a shift in the suite of skills that the internal audit team should have, such as developing deeper expertise in emerging areas of concern. More importantly, the reason driving innovation needs to be clearly identified and understood in its appropriate context in order for it to work as intended.

Breaking it down, panellists elaborated on the importance of having the right tone-at-the-top, of the organisation and the internal audit team, to challenge the status quo and ‘rock the boat’. Agility and flexibility were also highlighted as fundamental to the internal audit transformation journey, because the ability to be responsive in today’s environment of fast-paced changes would demonstrate internal audit’s effectiveness in providing strategic advice to management. In other words, continue to assure and advise, while being able to anticipate, and respond accordingly.

Innovation is about seeking new ways of doing things that brings with it both the potential for success and failure, which panellists recognised the need for a management mindset to embrace both the positive and negative aspects associated with innovating.

Above all, a shared goal and a common set of values understood by all parties involved would greatly facilitate internal audit in unlocking its potential to value-add where the organisation needs to achieve strategic success.
It has become a common saying of late, that “data is the new OIL”, which forms the backbone of the technological changes that have taken place in the recent years.

The rapid development of AI for Smart Nation heralds disruption to companies and their business models. As digitisation progresses and big data is leveraged on to automate a wide range of jobs, employing AI for prediction and decision-making is no longer something that we imagined and wished for.

The stage was set with an introduction and explanation of AI and its evolution to current times, with evident exponential progress noted in recent years. Professor Yu presented the concept of AuditTech – a combination of AI, RPA and IT systems, and invited delegates to mull the opportunities with the lowering costs of digital systems and AI that facilitates its accessibility by a greater group of people.

With simulated demonstrations of how bots can be used singularly or in combination, delegates were shown the power and scalability of AI that could be integrated into internal audit’s processes to support a cycle of continuous monitoring that can increase their efficiency and effectiveness.

As the possibilities of harnessing the power of AI were explored, it was clear that uncertainties were present based on the questions arising on business implications of AI, regulations over use of AI and also the extent to which AI and automation will replace internal audit, and even the traditional functions of the second line.

These concerns were not unfounded, as several of the conference’s discussions touched on the topic of job displacement. To this, speakers have urged delegates to be bold and not fear the unknown, but to embrace these changes and keep on learning – to leverage the benefits of technology to enhance their processes by discovering automation opportunities and start learning early, how technology works before the displacement wave starts kicking in.

What are the new skills that need to be learned and/or re-learned?

The importance of data analytics continues to be a key agenda for internal audit, as the digital footprint of businesses grows with more data being amassed, providing opportunities as well as exposing organisations to heightened levels of risks. As technology raises the sophistication of analytics tools to enable users to delve deeper into data sets to draw better insights, adequately skilled internal auditors are necessary to fully optimise the effectiveness of any data analytics programme.

With proliferating interconnectedness, cyber risk has elevated to become a fundamental business risk that no organisation can afford to ignore, especially in light of rising accounts of data breaches and emergence of new risks from CaaS (Cybercrime as a Service). No longer is it sufficient for organisations to be cyber aware; instead the greater concern of stakeholders about the robustness of cyber risk management programmes has made it necessary for boards, management and consequently, internal audit, to be knowledgeable of possible risks, and work together to build cyber resilience under a common cyber strategy. Internal auditors need to be better equipped with the requisite competencies to enhance their role as trusted advisor to management in anticipating, detecting and mitigating the pertinent risks.

In an example of a large-scale cyberattack in June 2017 where a malware variant, NotPetya, resulted in the near-paralysis of Danish conglomerate Maersk, it demonstrated the importance of giving companies the space to adapt to emerging threats. Above all, there is a need to empower entrepreneurs on the ground, to introduce redundancy in the form of back-ups, and institute processes for learning from cyberattacks which are critical features of building resilience to future cyberattacks.
Panel Discussion: Strategies in Building Cyber Resilience for the Digital Age

Cyber resilience was the centre of discussion where panellists were invited to share their views and experiences in how internal audit can facilitate and support the strengthening of management’s understanding in relation to the effectiveness of cyber controls.

The discussion opened with panellists opining on the areas of increasing interconnectivity, which ran the gamut from corporate to personal domains. When polled on how they would rate their organisations’ cyber resiliency, a little more than half of the delegates responded that they felt “somewhat ready to deal with evolving cyber threats”, which led to a deeper dive into what were the potential or emerging risks and how these could be tackled.

One of these pertained to social media postings, where the capacity in which the post was being made, the amount of information shared, and how the post was being articulated, were just some areas that panellists recommended should be considered to be formulated within a corporate policy governing such posts, to address concerns on cyber security, as well as corporate branding.

It was also highlighted that with the IoT, security can no longer be thought of in the traditional sense that risks a myopic view and scope, but instead organisations should broaden their purview and assess for instance, how a security check can be conducted over IoT devices to safeguard against risks of a supply chain attack.

As panellists agreed that all organisations, big or small, are not impervious or more prone to cyberattacks, they surmised that there cannot be a failsafe plan where cybersecurity is concerned. More notably, the best-laid plans can only be as effective as the people behind them, as it has been shown that a large percentage of cyberattacks result from employee actions that exposed the organisations.

Responses from delegates were not significantly skewed in any direction when asked if their internal audit teams were facilitating and supporting cyber risk programmes of their organisations. It was proffered that internal audit does not and cannot be the subject-matter expert when it comes to cyber risk but yet it does have a niche role in identifying risks, and their associated owners for accountability. This suggests the need for even more collaboration and integrative efforts to ensure that controls are adequate, although it all has to start from a strong and supportive tone-from-the-top to demonstrate the organisation’s commitment to training and building resilience against cyberattacks.
Cybersecurity is everyone’s responsibility, but as chief executive of the Cyber Security Agency of Singapore (CSA) said at 2018’s Singapore International Cyber Week conference, it is “leadership at the highest levels have to take accountability so ‘we can move the needle’ on reducing the number of such incidences”.

PHORAM MEHTA
Head of InfoSecurity, Asia Pacific, PayPal
and President of ISACA Singapore Chapter

The definition of cybercrime is evolving, which can manifest through intrusions, hacking, information breaches, identity thefts, malware, economic espionage and the list goes on. While methods employed remain relatively static, the State of Cybersecurity 2018 survey conducted by ISACA has shown that half of the respondents indicated an increase in the number of cyberattacks as compared to just six percent who reported fewer attacks. Much has been discussed in recent years about cybersecurity, so what is next to be considered or strengthened?

The same technology that has provided opportunities for internal audit to enhance their audit delivery is also being used by cybercriminals to propagate cyberattacks with greater effectiveness. Where enterprise security risk management is concerned, the shift from compliance-based risk reduction to a resilience-driven strategy, with capabilities built around risks instead of achieving compliance or certification, is what organisations are encouraged to move towards.

Phoram remarked that although internal audit may not be the subject-matter experts in cybersecurity, the value proposition which internal audit can bring lies in auditing control maturity. Over and above auditing against the compliance objectives as is done by most organisations, internal audit would need to shift their mindset to think from a threat perspective and how this is evolving.

Skills challenges notwithstanding, they are now better understood, as found in the aforementioned survey. Enterprise-wide, and especially for internal audit, cyber resilience needs to be a top priority, with skills development and continuous learning being stressed yet again as a core focus for all three lines of defence.
A Data-Driven Audit Function

Data, the currency for today’s economy and business environment, has in itself underwent evolution in terms of the landscape in which it is being generated and managed.

Vincent described a data-driven audit function as one with pervasive use of data across the internal audit lifecycle starting from risk assessment. The growing sophistication of tools and techniques has facilitated internal audit to make use of data science methods to more effectively interrogate data to drive better outcomes for enhanced value-add through deeper insights.

Delegates were presented with several use cases of analytics employed by the internal audit team at GIC, demonstrating the power of data science techniques, through the use of methods such as clustering to audit user access rights, natural language processing to perform regulatory checks, supervised ensemble learning to identify confidential documents, to name a few.

Sharing GIC’s strategic objective to build a data-driven internal audit function through these demonstrations, learning points of the journey included getting stakeholder buy-in and support as a key enabler, as well as the availability of a critical volume of quality data. Underlying these is the determination of the skills gap and taking the important step to invest in upskilling competencies of the team as a whole.

Many questions were fielded from delegates with data privacy of instant messaging chats being one concern in light of new data privacy law enactments, which was suggested that having a specific use case for the audit to require analysis of such data may avail the organisation the right to do so, especially if these have been defined within employment contracts.
WHOEVER CONTROLS TECHNOLOGY, CONTROLS THE WORLD

And it is not just talk; organisations are already making the move forward with use of RPA and AI, as these speakers shared the importance of taking the first step no matter how big or small, or risk becoming irrelevant.

THOMAS SANGLIER
Senior Director, Internal Audit
Raytheon Company

Robotic Process Automation and Artificial Intelligence

The phenomenal speed at which new technologies is emerging and developing, ranging from the IoT, to cloud computing, blockchain, and more recently AI and RPA, has made disruption something to be expected.

Internal audit, both as an auditor of these technologies and potential user, needs to embrace digital transformation and be continually prepared to adapt and change.

Here, Thomas highlighted AI and RPA, their potential impact on an organisation and the associated risks. While these new technologies have significant potential to enhance processes, the quality of the underlying data is what enables the realisation of such benefits.

For internal audit, the impact translates into an imperative to embrace the disruptive technology revolution, as it was found that nearly half of respondents polled in a 2018 Deloitte survey plan to modernise their compliance functions within the immediate 12 months, through introduction of new technologies such as cognitive compliance, automation and robotics.

The reality is that there will be jobs displaced, however delegates were called on to lead the response to disruption with innovative strategies and an agile approach. Different ways of how AI and RPA could be used were discussed by Thomas, who encouraged the audience to reskill and upskill. He underscored the importance of doing so with a finding from the World Economic Forum’s The Future of Jobs Report 2018, that by 2022, no less than 54 percent of all employees will require significant reskilling and upskilling.
"Start the journey, even if it is endless."

Technology offers limitless opportunities that also bring a plethora of risks. With its rapid development, it provides the potential for internal audit to unlock tremendous value to help the organisation implement a robust system of internal controls at a much lower cost than what it would have been in the not-so-distant past.

Yet, with the vast magnitude of change witnessed within a short span of time, panellists concurred that the fundamental expectations of internal audit to provide assurance has not deviated significantly. The more pressing question would be how internal audit can better utilise technology to manage and deliver audits. The world of internal audit can be more value-driven with technology, where lower-value tasks are automated to divert internal audit capacity towards higher-value work that produces deeper and more useful insights for management.

As new risks and threats continue to emerge, there is a greater urgency to be equipped with the knowledge and skills pertaining to fast-changing technologies. The consensus was that the organisation needs to move as an entirety; the Board, management, line functions, and internal audit, all need to upskill and be ready for what is coming. There are no two ways about it when it comes to learning, where organisations need to ensure an adequate investment is made to get everyone on the same page of understanding.

It was clear from the discussion that organisations resistant to embracing technology will only be confronted with eventual demise as new and unconventional business models appear, such as the likes of Airbnb, Grab, and so on. As the way we live, work and play undergo a seismic shift, it is essential that the mindsets would first need to change, and this applies to organisations big or small. As Derrick aptly pointed out, “The right time to do something is when you don’t have to do it.” There is no right time to start the journey to embrace and utilise technology, as there are always innovative ways to do something that do not necessarily need to involve a huge budget.
MAKING THE TALENT INVESTMENT

Changing workforce demographics, along with the current disruptive environment where skillsets required rapidly shift and evolve in tandem, makes it critical that organisations recognise the importance of investing in developing their people. This is especially applicable in a climate of skills shortage, where the most sought-after competencies are in finite supply.

How can organisations and in particular, internal audit functions, devise and implement a talent strategy that would help them attract and retain these resources? The CAE has to take the lead, be cognisant of emerging trends that would continually impact the skills and talent mix within the internal audit team, to be competent in delivering value-adding audits in support of achieving organisational objectives.

GOH CHIN YEE
Executive Vice President and Head Group Audit, OCBC Bank
and Governor, IIA Singapore

JACINTA LOW
Senior Vice President, Group Human Resources
OCBC Bank

Talent Management

As an evergreen item on any leadership agenda, the focus on talent management has drawn greater urgency in an era of disruption and demographic dynamics arising from a multi-generational and diverse workforce.

Being the longest-established Singapore bank with strong regional presence, OCBC’s Group Audit employs more than 250 auditors, and the bank has also received industry recognition of exemplary human resources practices. Chin Yee, Head of Group Audit, together with Jacinta, Head of Group Talent Management at the bank, gave delegates a glimpse into their human capital practices and talent management programmes that were designed to future-ready OCBC staff, with a more in-depth discussion on the internal audit function.

The interplay of these bank-wide initiatives with tailored approaches specific to internal audit has enabled Group Audit to develop the ACE attributes – to become agile, collaborative and experimentative.

‘Auditing at the Speed of Transformation’ anchors Group Audit’s approach to talent strategy. By building a nurturing environment to foster growth, enhancing processes for scalability and timeliness, and embedding technology to access data via a variety of analytical tools, Group Audit has seen success in creating a Future Smart Internal Audit.

Key initiatives discussed included upskilling auditors in line with their Competency Framework, introducing changes to work processes to cater to needs of a multi-generational workforce, and most importantly, leveraging technology to expand audit coverage with greater timeliness and increased efficiency in auditing.
RISING REGULATORY PRESSURE, A FLIPSIDE OF MORE DATA

The world as we knew it has become exponentially interconnected with the enablement of rapidly-developing technology. This has also led to an increasingly complex regulatory landscape, with jurisdictions implementing new or revised standards in a bid to address the seismic shifts of the global economy.

In his keynote address at the Summit, Laval Wong, Chief Internal Audit Officer at Asian Infrastructure Investment Bank (AIIB), acknowledged these changes and delved deeper with recent regulatory breaches of the banking industry.

Painting an alternate scenario with an absence of regulators, he talked about how governance is effected in a multilateral development bank like the AIIB, and shared tips how internal audit can thrive in an ever-changing regulatory landscape.

He presented the 6-step IA KATA, a practice founded in the roots of Japanese arts that helps one to internalise a set of techniques and execute them in a natural, reflex-like manner. Following a live demonstration of physical actions complementing each of the six steps, Laval invited delegates to join him in the invigorating practice that would undoubtedly leave a deep impression for them to internalise these movements.

Also, as the business environment witnesses more integration of process and technology, there is a consequent rise in cross-border online transaction activity. This leads to the generation of large data volumes that becomes a growing concern over its management. Countries the world over have progressively established new regulations over the protection of data privacy, further complicating the compliance needs of organisations.

JOY TAN
Partner and Deputy Head - Commercial & Corporate Disputes Practice,
Joint Head - Corporate Governance & Compliance Practice and
Financial Services Regulatory Practice, WongPartnership

Revisiting and Strengthening Data Privacy – A Governance and Enforcement Perspective

As one of the top risks faced by CAEs, the regulatory aspect has had significant recent developments in the area of data privacy. Several notable breaches both in the international and domestic spaces emphasised the importance of data protection for organisations, especially in light of the global reach of businesses today that broadens their risk exposure with far more dire consequences.

Through a brief exposition of these incidents delving into the causes contributing to the lapses as well as the enforcement consequences, Joy offered some practical measures for consideration. These included the use of subject matter experts where internal audit may not be sufficiently conversant in, particularly with the mounting concern over cloud risks as more and more data both personal and corporate, is stored in the cloud.

Delegates learned about major regulatory developments alluding to data protection, including the widely-talked about General Data Protection Regulation (GDPR) implemented by the European Union in May 2018, and the Cybersecurity Law of China that came into effect earlier in June 2017, both of which attracts extraterritorial compliance requirements. Domestic developments in the Personal Data Protection Act (PDPA) and the enactment of Cybersecurity Act 2018 were also discussed, drawing delegates’ attention to areas they would need to be aware and the implications of these developments on governance and non-compliance.

As one of the emerging areas for internal audit to focus their attention on in recent years, it was clear that more in-depth discussion, and perhaps guidance would be needed, as the audience, in a display of their desire to learn, sought to clarify the scope of GDPR for Singapore companies, as well as whether signatures are considered a ‘personally-identifiable’ information.
THE UNDERLYING FACTOR OF ECONOMIC CRIME

While a significant amount of discussion has focused on the risks that technology brings along with the vast potential benefits it offers, it was also brought to mind that technology at this point in time, primarily remains a tool. Concerns were rife as delegates questioned the ethical concerns surrounding technology, as speakers pointed out in their respective sessions that despite the validity of such reservations, it is the human factor that contributes to the heightened risks. It was also demonstrated in a survey on economic crime and fraud that the advent of technology has not necessarily led to cybercrime being the number one cause of fraud.

CHAN KHENG TEK
Partner of Forensic Services
PwC Singapore

Tackling Economic Crime and Fraud Risks

The expansion of businesses’ global footprints is an inevitability of growth limitation within a domestic market, as well as a consequence of technological developments facilitating better e-commerce infrastructure. With widened exposure to different markets hosting a variety of business practices and counterparties, organisations are subject to higher levels of fraud risks, although the availability of more sophisticated tools promotes better risk monitoring techniques for detecting fraud earlier.

PwC’s 2018 Global Economic Crime and Fraud Survey found that for Singapore companies, more than half of the fraudsters were internal perpetrators, and more interestingly, asset misappropriation ranked as the top detected type of fraud, ahead of cybercrime. Clearly, this shows that despite heightened cyber risk with the advent of technology, cybercrime is just one of many types of fraud that the organisation has to consider within fraud risk assessment.

Globalisation or regionalisation brings with it risks of bribery and corruption, as a more competitive landscape for limited business deals introduces unsavoury practices such as facilitation payments. The survey uncovered contrasting results for Singapore companies in comparison with the global average in this area. The exposure to such practices increased when organisations expanded beyond Singapore, while for companies in the Asia Pacific or Global, more have been asked to pay bribes in their primary place of business.

Underlying these findings, it is the humans behind technology that have contributed to rising risks, as tools are a servant and not the master. This was also pointed out by Thomas in his presentation on RPA, that privacy or ethical concerns relating to new technologies lie not in the technology itself but the people behind the programming.

Kheng Tek shared further that for business ethics and compliance programme to work as intended, they need to be more specific in addressing bribery and corruption risks, and customised for each of the countries in which the company operates. More importantly, the adequacy of training and a strong tone-at-the-top would greatly enhance the programme’s effectiveness. This was demonstrated through survey results where proactive internal measures produce the most tangible results in detecting disruptive economic crime/fraud activities, through the right blend of technological and people-focused measures for successfully combating fraud.
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In this age of multi-generational workforce with an avalanche of data and information at our disposal, communication becomes an essential soft skill that no one can afford to be without. Facts and figures may provide the underlying foundation of a report or presentation, but it is the mode of delivery that holds the key to getting stakeholder comprehension and buy-in. Internal auditors need to be competent both in technical and soft skills, as they forge ahead to reinforce their role as a strategic and trusted advisor to management. What does this mean, and how do you achieve this intricate blend of skills?

**“ABOVE ALL ELSE, SHOW THE DATA!”**

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**ISAAC REYES**
Data Scientist
DataSeer

**The Art of Data Storytelling**

Forbes Magazine calls data storytelling “the essential data science skills everyone needs”. This is not without good reason, as well-told data stories can be powerful change drivers within the modern organisation.

With the massive amount of data that organisations create or collect, how can important insights be effectually drawn and communicated to the target audience?

The four essential elements of a good data story include data, visuals, narrative and audience – intentionally leaving out data which lie at the core of the story, Isaac shared in detail about what each of the other three elements entailed and how these could affect presentations. Combining these elements with knowledge of selecting the right visual display and an appreciation of the Gestalt principles of visual perception, delegates were introduced to the art of science of data storytelling. This is fast becoming a fundamental skillset for everyone, especially internal auditors who need to deal with a lot of data, analyse and communicate the results to management and the board without overwhelming them with information that may add unnecessarily to the clutter of presentations.

Knowing who the audience of your presentation is key in determining the type of media to employ, and choosing the right metrics that they can understand easily, not burdening them with terms that are too technical or complicated. The game-changer for effective presentations lie in not just delivering through a visual display of the facts, but in stringing up these into a narrative that takes the audience through the various pieces of information being presented.

By illustrating his points with the use of various real-life examples, Isaac walked delegates through ways of how data that is being presented in different kinds of charts can be improved vastly by applying the principles he shared, to narrate a compelling story that clearly conveys the intended salient points.
As the Greek philosopher Heraclitus said, “Change is the only constant”; today we know it as ‘uncertainty being the only certainty’. With change being central to the world that we are in, learning is key to riding the waves of disruption.

It stops only when you make the choice to stop. Although we cannot defy or prevent change, we can be a part of it and evolve together, by investing in ourselves and constantly reskilling and upskilling to refresh what we know and can do. Learning opportunities and platforms are aplenty to help you continually be part of this evolutionary process of change – participate in conferences or seminars to be aware of latest trends, learn or relearn new and existing skills; and always be hungry for knowledge – read and learn, never stop learning. Let IIA Singapore be your partner in this progressive journey of development and growth, to always bring you fresh insights and perspectives for your professional career in internal auditing.

“FIX THE ROOF WHILE THE SUN IS SHINING.”

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