



Message from IIAS President

Lilian Tay

Let me take this joyous occasion to wish each of you a Happy and Prosperous New Year. Since a very young age, I've learnt to always count my blessings and without fail, it has always turned out positive, even in the midst of the most difficult and challenging times of my life. 2005/2006 is no different; I've been blessed with a warm and loving family, I'm thankful that I still have a job, and even more so for the generally good working environment that I'm in. I'm also grateful to all of you for giving me the opportunity to be your President.

Time has flown since I took up the IIA Singapore Presidency position one and a half years ago, and before long, my term will end in June 2006. My experience has been very enriching - one that I would not have been able to get from my normal full time employment. I would sincerely encourage each of you to be part of the Board of Governors at some time of your professional career; it's nothing experiencing it yourself rather than hearing it from me.

With regard to our jobs, I recall some recent emails that I received with the subject heading "10 questions that God will not ask on THAT DAY". Let me share two of them with you: 1) God will not ask what your job title was; He'll ask if you performed your job to the best of your ability, 2) and He will not ask what your last salary was; He'll ask if you compromised your character to obtain it.

As we usher in the year of the dog, it brings to mind the qualities of this amazing animal: its loyalty, faithfulness and protectiveness. It's no wonder that some people call Internal Auditors "Watch Dogs" because we show those same qualities in our jobs. Qualities that are taken for granted when it comes to protecting our stakeholders against frauds and undue or poorly managed risks. Our ferociousness is in our uncompromising character, never afraid to raise the red flag when necessary. We are guided by strong ethical standards and the Professional Practices Framework for Internal Auditing.

It is no coincidence that the theme that we have chosen for our anniversary year is: "Ambassadors of Corporate Governance". This year we will be celebrating our 30th anniversary, with a 2-day conference and a gala dinner. We will also have a commemorative magazine to mark this special milestone in our history. The specially designed anniversary logo (shown on the right) signifies the Internal Auditor as an Ambassador, holding up the red flag, and standing on the strength of the IIA's standards.

And this is what I would like to see in all of us: that we are Ambassadors of good Corporate Governance.



Board of Governors 2005-06

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For contact and other info, please visit www.iiia.org.sg. You can also e-mail iiiasg@singnet.com.sg or call the Secretariat at 6823-1455.

GONG XI FAI CAI!

The Board of Governors would like to wish all members a wonderful and prosperous year ahead!

Upcoming Events!

- 13-15 Feb 06, 3-day QAR Workshop
20-22 Feb 06, Tools & Techniques for New Auditors
7 Mar 06, Risk Management of Everything evening talk
24 Mar 06, half-day course on Auditing the Oracle Database
Mar/Apr 06, QAR Roundtable
Apr/May 06, 3-day QAR workshop (tentative)

Past Events (Jan 06)

- 4 Jan 06, Enterprise Risk Management Seminar
5 Jan 06, Audit Committee Challenges Breakfast talk

From the Editor's Desk - Personal Risk Management



When the IT bubble burst a few years ago, I saw a lot of my peers getting retrenched. It got me started thinking about my own personal backup plan, my business continuity plan (BCP), so to speak. It was a startling realisation that I didn't have any. How could I? When I had never given it any thought at all! And it wasn't as if I didn't know what a BCP was; I had been responsible for the management of the disaster recovery plan in my previous company. I had the skills and why didn't I think of using them for my personal benefit?

As an auditor, it's my job to do a basic analysis of risks and controls. And it was inevitable that I started analysing situations in terms of risks and controls. I had the distinct pleasure of watching Bob McDonald conduct a course on Enterprise Risk Management this month. Consequently, I started thinking: What about 'Personal Risk Management'? What are my risks and what am I doing to mitigate them?

It was no easy task! First step was developing the contexts: Strategic (What are my long term goals?); Business (How am I going to achieve them?); Operational (What are my daily tasks to reach my goals?). Just defining my life goals was an enlightening exercise in itself! For example, most people would say, 'Higher salary!' Yes, but how much and by when? And how does one achieve that? What are the risks that will prevent you from reaching that goal? And what are the mitigating controls? What is the contingency plan in the event that the goal cannot be achieved? The equivalent for an enterprise would be of course, 'Higher revenue!' or perhaps, 'Higher profits!' See the parallel now?

I finally understood why Bob said it would take a month to complete the risk management exercise for an organization. My short exercise took 2 hours and I had only scratched the surface. In the meantime, I had all my other stuff to do. Have a go with this exercise and drop me a line to share your experience! I'm sure readers would be interested to read about personal risk management!

~ Winnie, Jan 06 Editor

(For newsletter contributions and comments, please e-mail me, winnieang@gmail.com.)

When Bob was in town...



Above: Lilian with Bob McDonald and Eric

The seminar on Enterprise Risk Management was conducted on 4 Jan 2006.

It was interesting to learn that the greatest risk of all is to take no risk at all! And the hardest part of risk management is getting the top management to understand what it is about!

Bob also did a breakfast talk for senior management on QAR, highlighting the requirements and the benefits.



Above (left to right) Top row: Lee Suet Fern, Bob McDonald, Lilian, Wong Hong Sun Bottom row: Don Birch, Samuel Ang and Eric

The Audit Risks



‘What were the auditors doing?!’ – the question that I’m sure was pretty much in the uppermost of our minds when the financial scandals break out. Would I have been able to detect the potential fraud or non-compliance if I were in those auditors’ shoes? Honestly, I don’t know. Well, that’s an audit risk, isn’t it? The risk of not uncovering a material audit finding.

Perhaps it’s time to shift the risk focus on us, the auditors. What are the audit risks that we face in the course of carrying out our responsibilities? It was interesting to note in the KPMG’s report that the NKF’s audit committee not only met rarely, it was not able to get the executive committee to take the auditors’ recommendations seriously. Where do we go when the last line of defence is down? Not to forget, if a control lapse is not a legal issue, there is no just cause to report to the authorities. It signals a potential issue but it doesn’t mean that something illegal is going on until evidence is uncovered. So do we wait? Can we risk waiting?

If a company has a high turnover rate of internal auditors, should we be suspicious? Does it indicate potential problems or is it just a case of bad human resource management? Having a high turnover rate of internal auditors is also an audit risk: there is no continuity in the work, there could be potential communication lapses.

The lack of communication between internal and external auditors is another audit risk. How often do we as internal auditors highlight or have an in-depth discussion with the external auditors before they commence their external audit. Should the audit scope be solely determined by what the customer pays for? Do external auditors have the budget and the leeway to probe a little deeper?

There are no easy answers when it comes to managing risks but if you are not already doing it, perhaps it’s time to start thinking about it.

On a lighter note...

Why is Little Red Riding Hood an auditor?

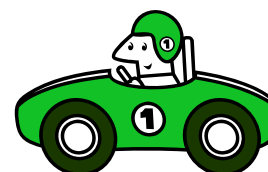
Because she ran a ‘grandmother’ compliance check on the Big Bad Wolf. Remember? She asked the big ears, big eyes and big teeth questions.

Why was she eaten then?

Well, an auditor only gives the recommendations, not carry them out!

What do NKF, KPMG mean?

Not the **Kidney Fund!** **Keep Pinching the Money, Goondu!**



Quick Updates & Announcements

| New Library Additions! | Exam Results! | CCDG Consultation |
|--|---|--|
| <ol style="list-style-type: none"> 1. S/N 433 - How Not To Make Money by Koh Buck Song 2. S/N 434 - Survey Risk Management and Mapping Process by IIA Research Foundation 3. S/N 435 - Construction Audit Guide: Overview, Monitoring and Auditing by IIA Research Foundation 4. S/N 436 - Fraud and Corruption Control: guidelines for best practice by Crime and Misconduct Commission, Queensland | <p>Results for Nov 05: CIA:</p> <ul style="list-style-type: none"> • Part 1 : 82% passed • Part 2 : 76% passed • Part 3 : 67% passed • Part 4 : 100% passed <p>CFSA: 75% passed CCSA: 60% passed</p> <hr/> <p style="text-align: center;">Exam Registration Deadline!</p> <p>Don't forget to register for the upcoming exams if you haven't! The deadline is 25 Mar 2006 for the May exams.</p> | <p>The Council on Corporate Disclosure and Governance ("CCDG") has issued a public consultation paper on its review of the quarterly reporting requirement.</p> <p>This public consultation paper is posted on CCDG's website at http://www.ccdg.gov.sg/news/consultation.htm</p> <p>IIAS would like to hear your views and make a representation to the CCDG. Please give your feedback to us by 14 Feb 06.</p> |

The Institute mourns the loss of past president G. Peter Wilson

It is with great sadness that we announce that G. Peter Wilson, who served as president of The IIA from 1985 to 1992, died on Jan. 30. He will be remembered for his valuable service to The IIA and his significant contributions to the internal audit profession.

Peter was recuperating well from last fall's heart surgery and was making progress in his fight with the ensuing complications.

Peter was born and educated in Scotland. After working in hotels in the UK and France he immigrated to Canada in the mid 1950s and became a Chartered Accountant. In 1978, he joined the Office of the Auditor General of Canada. He left Canada to accept the position of International President of The IIA, a post he held from 1985-1992. In 1992 he moved to Rome, Italy where he became the first Inspector-General of the United Nations Food and Agriculture organization. In 2003 Peter retired from FAO and he and Robbyn returned to Florida where he continued his long history of serving The IIA as an Ambassador and working with the Quality department.

Peter wrote and lectured on auditing at the United Nations, various colleges and universities in Canada, and the United States, as well as numerous professional organizations. He was a founding member of the Canadian Comprehensive Auditing Foundation and a past director of the International Consortium on Government Financial Management. His contributions to the auditing profession were recognized by the Institute for Financial Crime Prevention, the American Accounting Association and the International Association of Business Communicators in addition to receiving one of The IIA's highest awards, the Victor Z. Brink Award for Distinguished Service in 1992.

(Edited message)

Donna J. Wiley

Admin, Chapter & Affiliate Relations

The Institute of Internal Auditors (IIA)

