

## ACC 4612A/ACC4761A INTERNAL AUDITING – COURSE OUTLINE

**AY2021/2022: SEMESTER 2 (JANUARY 2022 – MAY 2022)**

### ACADEMIC OVERVIEW

Module Instructor	Email Address	Initial	Office
A/P Tay Puay Hui	biztayp@nus.edu.sg	TPH	Biz 2 03-22
A/P Lee Yan Yeow	bizyyl@nus.edu.sg	LYY	

Workload	Projected no. of hours per week
Seminar (Lecture/Case Presentation):	3
Project, tutorial assignments, etc:	4
Preparatory work:	6

**Modular Credits:** 4

**Pre-requisites:** ACC3616/ACC3706 – Corporate Governance & Risk Management

Classes will consist of one three-hour session per week, with a combination of lectures and case study presentations by students.

### INTRODUCTION

Internal Audit's role as an effective third line of defence within an overall robust corporate governance framework has become increasingly important amid a dynamic business environment characterized by an evolving regulatory landscape, intensifying market pressures to globalize and improve operations, and extensive digital transformation. The conventional approach of retrospective and cyclical testing has given way to a contemporary approach of continuous auditing that provides critical and ongoing assurance over the effectiveness of risk management and internal control systems. Consequently, the expectations of and demands on internal auditors have also risen exponentially in terms of skills, knowledge and competency as well as tenacity.

### OBJECTIVES

This elective module aims to equip you with the requisite knowledge and competencies regarding the conduct of internal audits within an organization. It will provide you with a keen appreciation of how internal auditors can add value to an organization, mitigate its risks of conducting business and improve its results and operations through various assurance,

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consulting and forensic engagements spanning the spectrum of financial, operational, and compliance coverage.

This module will also introduce you to the bolts and nuts of combating financial crimes including the hallmarks of a robust Financial Crime Compliance Framework covering Anti-Money Laundering (AML), Anti-Bribery and Corruption (ABC) and Fraud Risk Management. Through case study presentations, you will apply an internal audit perspective to corporate governance by identifying the root cause failures and compiling the lessons learnt into a structured internal audit programme.

Armed with the knowledge of COSO Integrated Framework for Internal Controls, you will be coached on how to establish a comprehensive audit plan, design internal audit programmes that can be practically applied to key business cycles of an organization and leverage technology in the execution of your engagements whilst maintaining seamless and ongoing communication with your stakeholders.

### POSITION OF THE MODULE IN THE OVERALL SYLLABUS

This module builds on and complements your knowledge and understanding acquired through the corporate governance and risk management module, accounting and finance modules such as financial accounting and auditing, and modules pertaining to the legal and regulatory framework involving business, corporate and securities laws and regulations.

### LEARNING APPROACH

The unique nature of Internal Audit – to provide assurance that an organization's risk management systems and controls are effective – necessitates a practical, value-driven and risk-based approach in the planning and execution of its engagements.

Accordingly, this module has been curated with a fine balance of conceptual and practical approaches, combining lectures and case study presentations. It offers you the opportunities to interact with the instructors and other seminar participants, to discover and learn, and to assimilate and apply your knowledge in addressing practical risk issues and challenges in an internal audit environment.

Conceptual frameworks and textbook readings are reinforced with real-life practical examples of risk, controls and compliance issues from which you can draw upon lessons learnt through the experiential sharing by the instructors and/or industry practitioners.

Through inspiring experiential education and interaction, this module seeks to enhance your learning journey by fostering and developing your critical thinking, collaboration and communication skills.

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### LEARNING OUTCOMES

At the end of this module, you should be able to:

- Recite the recommended and widely adopted standards in internal auditing,
- Evaluate the efficacy of an organization’s corporate governance structure and its Financial Crime Compliance framework and policies,
- Apply your knowledge of risk management and internal controls to establish a comprehensive audit engagement plan,
- Develop a robust audit programme on key business cycles that leverages technology,
- Plan and execute a forensic investigation engagement with a keen visual of red flags, control lapses, root cause failures and other abuses, and
- Establish seamless and sound reporting and communication with your stakeholders.

### MODULE ASSESSMENT

This module is based on continual assessment as set out below:

Assessment Components		
(i)	Group Project Presentation^	30%
(ii)	Group Project Report^	20%
(iii)	Seminar participation	15%
(iii)	Final Test (2 hours)*	35%
Total Assessment		100%

*^The requirements of and assigned topics for the Group Project Presentation and Group Project Report will be announced by the first week of the module.*

*\*Week 13 (the exact date, time and venue will be confirmed and announced during the course of the module)*

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### KEY AREAS OF SYLLABUS

- Internal auditing standards and professional practice framework
- Statutory and regulatory requirements governing the role of internal audit
- COSO Integrated Framework for Internal Controls
- Risk-based and value-driven approach to Internal Auditing
- Key business processes, policies and controls in corporate organizations
- Internal auditing in a rapidly changing business environment amid widespread digital transformation

### REFERENCES

The reference materials for this module are –

- Internal Auditing: Assurance & Advisory Services, Fourth Edition – Urton L. Anderson, Michael J. Head, Sridhar Ramamoorti, Cris Riddle, Mark Salamasick, and Paul J. Sobel
- International Professional Practices Framework (IPPF) – The Institute of Internal Auditors
- External Links
  - The Institute of Internal Auditors [www.theiia.org](http://www.theiia.org)
  - Control Framework [www.coso.org](http://www.coso.org)

### READING MATERIALS

Additional readings may be assigned for each topic and they will be available in the library, on the web, or be uploaded onto the LumiNUS, if necessary.

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WEEK	DETAILED SYLLABUS <i>(indicative and may be subject to change)</i>	INSTRUCTOR
1	<p><b>INTRODUCTION TO INTERNAL AUDITING</b></p> <ul style="list-style-type: none"> <li>▪ What is Internal Audit?</li> <li>▪ Internal Audit: As Part of Corporate Governance and Four Lines of Defence</li> <li>▪ Distinguish between Internal Audit and External Audit</li> <li>▪ About the Internal Audit Profession               <ul style="list-style-type: none"> <li>- Overview of Internal Auditor’s Roles and Responsibilities</li> <li>- Types of Internal Audit Engagement                   <ul style="list-style-type: none"> <li>○ Assurance</li> <li>○ Consulting</li> </ul> </li> <li>- Types of Internal Audit                   <ul style="list-style-type: none"> <li>○ Operational</li> <li>○ Financial</li> <li>○ Compliance</li> </ul> </li> </ul> </li> <li>▪ Stakeholders Management               <ul style="list-style-type: none"> <li>- Policeman or Business Partner</li> <li>- Managing Expectations and Challenges</li> <li>- The Value of Internal Auditing</li> <li>-</li> </ul> </li> </ul>	TPH
2	<p><b>PROFESSIONAL STANDARDS, STATUTORY AND REGULATORY REQUIREMENTS GOVERNING THE PRACTICE OF INTERNAL AUDITING</b></p> <ul style="list-style-type: none"> <li>▪ IIA’s International Professional Practice Framework (IPPF)               <ul style="list-style-type: none"> <li>- Definition of Internal Auditing</li> <li>- Code of Ethics</li> <li>- Standards (overall Concepts and Principles)</li> <li>- The Internal Audit Charter</li> </ul> </li> <li>▪ Statutory and Regulatory Requirements Governing Internal Audit               <ul style="list-style-type: none"> <li>○ Companies Act (Chapter 50) Section 201(B)</li> <li>○ The Code of Corporate Governance</li> </ul> </li> <li>▪ Quality Assurance and Improvement Programmes</li> </ul>	LYY

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<b>WEEK</b>	<b>DETAILED SYLLABUS</b> <i>(indicative and may be subject to change)</i>	<b>INSTRUCTOR</b>
3	<p><b>AN INTERNAL AUDIT PERSPECTIVE OF FINANCIAL CRIME COMPLIANCE</b></p> <ul style="list-style-type: none"> <li>▪ Anti-Money Laundering (AML) &amp; Anti-Bribery &amp; Corruption (ABC)               <ul style="list-style-type: none"> <li>○ Know Your Customers/Suppliers</li> <li>○ Politically Exposed Persons (PEPs)</li> <li>○ Enhanced Due Diligence</li> </ul> </li>   <li>▪ Managing Conflict of Interests               <ul style="list-style-type: none"> <li>○ Entity vs Employees</li> <li>○ Entity vs Customers</li> <li>○ Entity vs Vendors</li> </ul> </li>   <li>▪ Fraud Risk Management (“FRM”)               <ul style="list-style-type: none"> <li>○ Fraud Prevention</li> <li>○ Fraud Detection</li> <li>○ Fraud Investigation and Root Cause Analysis</li> <li>○ Fraud Rectification and Remediation</li> <li>○ Implications of Digital Transformation on FRM</li> </ul> </li> </ul>	TPH
4	<p><b>INTERNAL CONTROLS FRAMEWORK &amp; PROCESS</b></p> <ul style="list-style-type: none"> <li>▪ The COSO Integrated Framework for Internal Controls</li> <li>▪ Fundamental Principles in Establishing An Effective System of Internal Controls               <ul style="list-style-type: none"> <li>○ The Control Environment</li> <li>○ Design Effectiveness</li> <li>○ Implementation Effectiveness</li> </ul> </li> <li>▪ The Continuous Auditing Approach</li> <li>▪ Blockchain and Internal Controls</li> <li>▪ Role of Internal Audit in a Contemporary World</li> </ul>	LYY

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WEEK	DETAILED SYLLABUS <i>(indicative and may be subject to change)</i>	INSTRUCTOR
5	<p><b>INTERNAL AUDIT PLANNING &amp; ENGAGEMENT EXECUTION</b></p> <ul style="list-style-type: none"> <li>▪ Audit Universe</li> <li>▪ Audit Risk Assessment</li> <li>▪ Audit Strategies</li> <li>▪ Establishing an Annual Audit Plan</li> <li>▪ Planning a Specific Audit Engagement                             <ul style="list-style-type: none"> <li>○ Audit Scope</li> <li>○ Specific Risks Assessments</li> <li>○ Audit Approach</li> <li>○ Risk Controls Matrix</li> <li>○ Audit Programme</li> </ul> </li> <li>▪ Designing an Audit Programme</li> <li>▪ Leveraging Technology: Data Analytics</li> </ul>	LYY
6	<p><b>INTERNAL AUDIT PROGRAMME: PRACTICAL APPLICATION IN KEY BUSINESS CYCLES (PART 1)</b></p> <ul style="list-style-type: none"> <li>▪ Procurement</li> <li>▪ Accounts Payable</li> <li>▪ Project Management</li> <li>▪ New Product and Business Services</li> </ul> <p><b>Group 1 Case Study Presentation</b></p>	TPH
<b>RECESS WEEK</b>		
7	<p><b>Group Case Study Presentations</b></p> <ul style="list-style-type: none"> <li>▪ Group 2 Case Study Presentation</li> <li>▪ Group 3 Case Study Presentation</li> </ul>	TPH
8	<p><b>INTERNAL AUDIT PROGRAMME: PRACTICAL APPLICATION IN KEY BUSINESS CYCLES (PART 2)</b></p> <ul style="list-style-type: none"> <li>▪ Sales</li> <li>▪ Account Receivable</li> <li>▪ Inventory Management</li> <li>▪ Cash Management</li> </ul>	TPH Guest Lecturer

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WEEK	DETAILED SYLLABUS <i>(indicative and may be subject to change)</i>	INSTRUCTOR
9	<p><b>INTERNAL AUDIT PROGRAMME: TECHNOLOGY</b></p> <ul style="list-style-type: none"> <li>▪ Systems Development Life Cycle (SDLC)</li> <li>▪ Information and Data Security</li> <li>▪ Cybersecurity</li> <li>▪ Technology &amp; Fraud Risk Management</li> <li>▪ Business Resiliency and Contingency Management</li> </ul>	LYY
10	<p><b>INTERNAL AUDIT REPORTING AND COMMUNICATIONS</b></p> <ul style="list-style-type: none"> <li>▪ Effective Communication with Stakeholders</li> <li>▪ Preparing the Internal Audit Report</li> <li>▪ Reporting to the Audit Committee</li> <li>▪ Developing an Effective Framework for Monitoring the Implementation of Remediation Measures with Quality Assurance Reviews</li> </ul> <p><b>Group 4 Case Study Presentation</b></p>	TPH
11	<p><b>THEMATIC ENGAGEMENT: FORENSIC INVESTIGATIONS</b></p> <ul style="list-style-type: none"> <li>▪ Planning a Forensic Investigation</li> <li>▪ Developing the Investigation Programme</li> <li>▪ Confidentiality and Security Considerations</li> <li>▪ Reporting and Communications</li> <li>▪ Post-investigation Follow Up</li> </ul>	TPH Guest Lecturer
12	<p><b>GROUP CASE STUDY PRESENTATIONS (Groups 5-6)</b></p>	LYY
13	<p><b>FINAL TEST</b></p>	TPH LYY



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### BIOGRAPHY OF INSTRUCTORS

#### Mr Tay Puay Hui

Puay Hui had served in the financial services industry over the past two decades, particularly with Credit Suisse, Bank J. Safra Sarasin and EFG Bank in Asia, of which the last 11 years were as Regional Chief Operating Officer (“COO”), and the last two years as Deputy Regional Head of EFG Bank (“EFG”), a listed Swiss private banking group under the European Financial Group.

As the Deputy Regional Head and Regional COO, Puay Hui was responsible for overseeing all Legal & Compliance, Finance, Operations and IT matters in the Asia Pacific region. In addition, he assisted the Executive Chairman and Regional Head of Asia Pacific in ensuring adequate governance, supervision and control over the day-to-day activities of the EFG’s activities in Asia Pacific so as to ensure that they were conducted in a safe and sound manner in accordance with EFG’s business strategy to achieve its operational and financial objectives. During his tenure at EFG, Puay Hui also served as the Alternate Chief Executive (“ACE”) responsible for the business operations of EFG Bank AG, Hong Kong Branch.

Prior to his appointment at EFG, Puay Hui served as the Chief Risk Officer of Bordier & Cie AG, Singapore Branch. At Bank J. Safra Sarasin, Asia (“Bank Sarasin Asia”), Puay Hui held various leadership roles including the Regional Head of Risk Management, Regional Chief Operating Officer and Deputy Chief Executive Officer of Bank J. Safra Sarasin Ltd, Singapore Branch. As a key member of the senior management team in Asia and Chairperson of its Corporate Services Committee, Asset Liability Committee and Strategy Implementation Committee, he contributed to Bank Sarasin’s business growth in Asia, streamlined its operational and technology platform, and successfully led costs rationalization initiatives across Asia that achieved the desired cost efficiencies.

Having established a robust corporate governance structure in Bank Sarasin Asia, Puay Hui was instrumental in driving its successful bank licence upgrade from a merchant bank to an offshore bank branch in Singapore and steering the efficient transfer of business process in a seamless manner. A year later, he effectively managed and implemented the group change in controlling shareholder process in Asia after attaining the relevant regulatory approvals and implementing the necessary regulatory and capital safeguards.

Before joining Bank Sarasin Asia, Puay Hui worked at Credit Suisse, where he held a number of leadership positions including the Head of Compliance, South Asia and Head of Financial Accounting, Singapore Branch. Prior to this, he served as Audit Manager at PricewaterhouseCoopers leading audit engagements in banking, fund management and the non-financial services industry. Puay Hui is a non-practising member of The Institute of Singapore Chartered Accountants (ISCA).

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### BIOGRAPHY OF INSTRUCTORS (cont'd)

#### Mr. Lee Yan Yeow

Yan Yeow is an accomplished Internal Audit and Risk Management Leader with more than 2 decades of Internal Audit, IT Audit and Risk Management Advisory experience in Singapore and China. He started his career in PricewaterhouseCoopers as an IT and Business auditor and progressed to Senior Manager level. He then joined Ernst & Young as Risk Advisory Partner for 3 years in China. He has worked with many large clients across various industries, including Financial Services, Manufacturing, Energy, Pharmaceutical, Healthcare, Aviation, Retail, Government, etc. His work also covered Asia Pacific region for his clients.

He returned to Singapore in 2010 as the Global Head of Internal Audit for Neptune Orient Lines. He was responsible for the audits for both APL Liner, APL Logistics and APL Terminal businesses globally. His audits covered key locations all over the world covering US, Central and South America, China, India, Middle East, Europe, and other regions in Asia. He travelled widely to help monitor the organisation's business risks. He was also a member of Group Ethics Committee, and was responsible for running the whistleblowing program, monitoring fraud incidents and conducting investigations. Following the acquisition of NOL by CMA CGM, he assumed an added role as Head of Risk Management and the Head of Eastern Audit Hub covering audits of CMA CGM businesses in Asia and Oceania Region.

As the Head of Internal Audit for SGX, he was responsible for developing and carrying out the annual risk-based audit plan, and reporting to the Audit Committee and Senior Management. He covered both Business and IT audits for all businesses in the Exchange and its subsidiaries, including the Energy Market Company. He was involved in project pre-implementation and cyber security audits. He introduced Data Analytics audit assignments using Tableau and Python. Yan Yeow is a non-practising member of The Institute of Singapore Chartered Accountants (ISCA) and a Certified Information System Auditor (CISA).