

ACC4761A INTERNAL AUDITING – COURSE OUTLINE

AY2023/2024: SEMESTER 2 (JANUARY 2024 – APRIL 2024)

ACADEMIC OVERVIEW

Course 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

Co-requisites: 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 course 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 course 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 COURSE IN THE OVERALL SYLLABUS

This course builds on and complements your knowledge and understanding acquired through the corporate governance and risk management course, accounting and finance courses such as financial accounting and auditing, and courses 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 course 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 course 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 course, 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.

COURSE ASSESSMENT

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

Assessment Components		
(i)	Group Project Presentation^	30%
(ii)	Mid-term Quiz	20%
(iii)	Seminar participation	20%
(iii)	Final Test (2 hours)*	30%
Total Assessment		100%

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

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

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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 course 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
 - Control Framework 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 Canvas, if necessary.

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

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

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

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WEEK	DETAILED SYLLABUS <i>(indicative and may be subject to change)</i>	INSTRUCTOR
9	INTERNAL AUDIT PROGRAMME: TECHNOLOGY <ul style="list-style-type: none"> ▪ Systems Development Life Cycle (SDLC) ▪ Information and Data Security ▪ Cybersecurity ▪ Technology & Fraud Risk Management ▪ Business Resiliency and Contingency Management 	LYY
10	NUS Well-Being Day	
11	INTERNAL AUDIT REPORTING AND COMMUNICATIONS <ul style="list-style-type: none"> ▪ Effective Communication with Stakeholders ▪ Preparing the Internal Audit Report ▪ Reporting to the Audit Committee ▪ Developing an Effective Framework for Monitoring the Implementation of Remediation Measures with Quality Assurance Reviews <p>Group 3 Case Study Presentation</p>	TPH
12	GROUP CASE STUDY PRESENTATIONS <ul style="list-style-type: none"> ▪ Group 4 Case Study Presentation ▪ Group 5 Case Study Presentation 	LYY
13	FINAL TEST	TPH LYY

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BIOGRAPHY OF INSTRUCTORS

Adjunct Associate Professor Tay Puay Hui

A/P Tay had served in the financial services industry over the past two decades until December 2019, 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, A/P Tay 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, A/P Tay 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, A/P Tay served as the Chief Risk Officer of Bordier & Cie AG, Singapore Branch. At Bank J. Safra Sarasin, Asia (“Bank Sarasin Asia”), A/P Tay held various leadership roles including Regional Chief Operating Officer, Regional Head of Risk Management 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, A/P Tay 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, A/P Tay 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. A/P Tay is a non-practising member of The Institute of Singapore Chartered Accountants (ISCA).

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BIOGRAPHY OF INSTRUCTORS (cont'd)

Adjunct Associate Professor Lee Yan Yeow

A/P Lee 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, and introduced Data Analytics audit assignments using Tableau and Python. A/P Lee is a non-practising member of The Institute of Singapore Chartered Accountants (ISCA) and a Certified Information System Auditor (CISA). He is currently running Enterprise Risk Management activities in Skillsfuture Singapore.