

Risk Management and Internal Control

TT Profession



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Introduction

We provide advisory service to assist your company in reviewing

- 1) an entity-wide enterprise risk management (“ERM”), and
- 2) internal control (“IC”) system including financial, operational and compliance of laws and regulations.

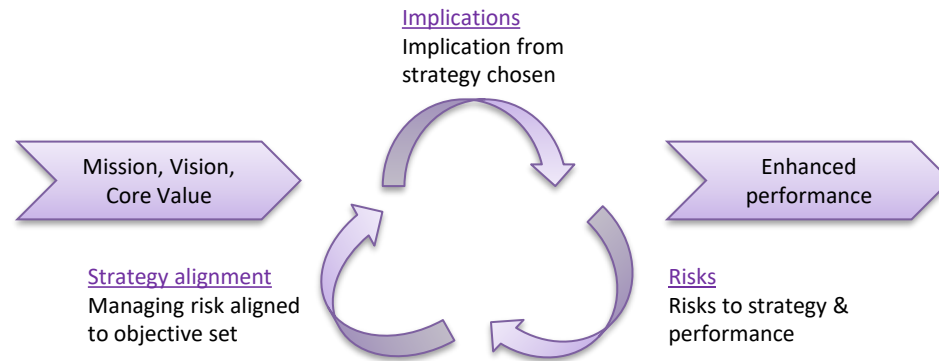
This document details the ERM and IC systems amongst others include the reviewing the ERM framework, step-by-step initial implementation process activities in a plan.

The implementation of this plan will involve a number of activities and considerations, including but not limited to:

- Discussions with senior members of the company’s management team;
- The results of management/risk committee’s own assessments of risk;
- Input from the company’s operational teams about the business/operations;
- Engaging the management which include enquiry, interviews, surveys; and
- Consideration of the views of other professionals (eg. external auditors)

ERM - Framework

For an effective Enterprise Risk Management model, we followed the guidance from COSO, which is among the widely-accepted framework for organisations to establish as a model that can be used in different environments worldwide.



Governance & Culture | Tone at the top; ethical values, behaviours; oversight responsibilities

Strategy/Objective setting | Participation in strategy settings, identify, assess, response to risk

Performance | How risk impacting strategy? risk appetite, risk priority, risk implication (quantitative vs. qualitative)

Review/Revision | Performance of Business Unit (BU) and functional effectiveness of risk management components, revisions needs?

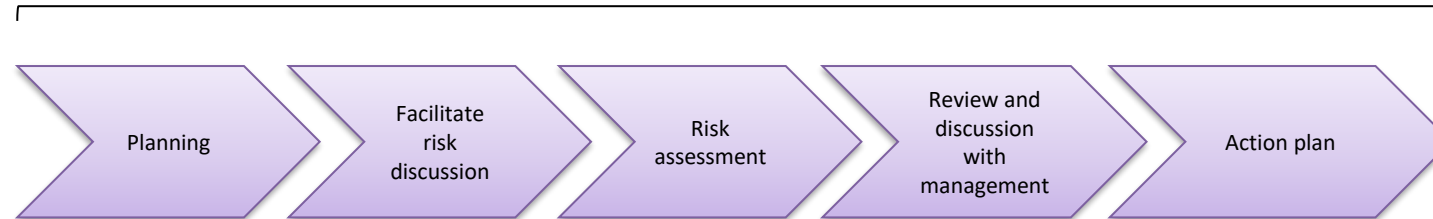
Info/Communications/Reporting | Continuous circulation and sharing of info across the entity and BU

ERM approach

We are committed to provide a better people experience. We work hand-in-hand with our clients to provide insight and creating business value for the organisations. We are passionate about getting the right focus for our clients and delivering the right technical excellence in all perspectives. Our service is client focused

Our commitment to technical excellence, service delivery and value for money are practical means of expressing our commitment of the focus on client.

Continuous communications and engagement with management



ERM approach - Planning



Scopes

- Meet with management/board to confirm scope and risk management objectives (including guidelines for defining risks category);
- Analyse the company's risk universe to consider the extend of identified key risks areas and categories in terms of financial risk, operational risk, regulatory compliance risk;
- Understand from risk owners (eg. leaders within each business function/segment) of existing policies on enterprise-wide risk assessment; and
- Conduct interviews with participants to better understand key risk areas within each business function/segment and ascertain risk categories

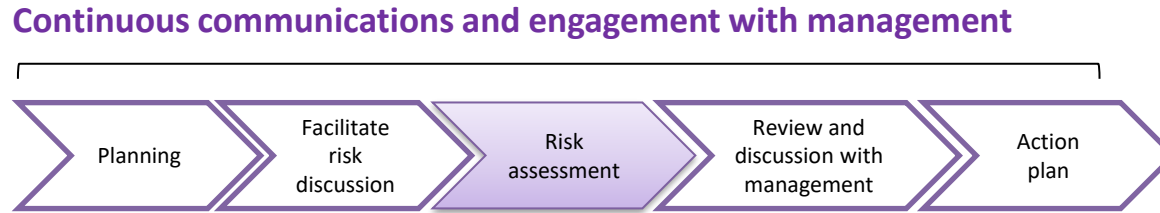
ERM approach – Facilitate risk discussions



Scopes

- Conduct facilitated risk discussions to evaluate the inherent significance and likelihood of identified risks;
- Facilitate discussions with participants to holistically evaluate risks. Participants are engaged to discuss and verify issues, facts and reach meaningful conclusions that ultimately enhance risk management capabilities; and
- Gather initial input on the top risk categories to begin the process to identify specific events and / or scenarios that cause each category to have an elevated priority

ERM approach – Risk assessment



Scopes

- Explore the specific events within each top risk category that could have a significant or catastrophic impact on company. Evaluate these events in the context of broad organizational impact to identify the discrete risk rating within each risk area;
- Engage the management on top risk categories and facilitate discussions to identify potential risk events / scenarios within each top risk category. Assess these events and adequately describe how each could contribute to a potential catastrophic outcome; and
- Consolidate and prioritize the top events in each of the priority risk categories

ERM approach – Review and discussion with management

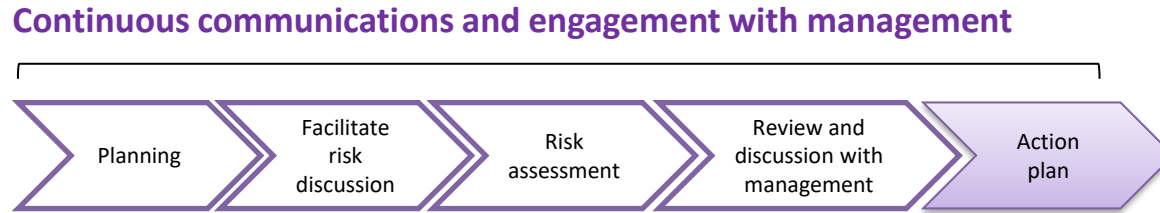
Continuous communications and engagement with management



Scopes

- Discuss the prioritised list of critical risks with the management leadership team and obtain feedback to confirm the findings; and
- Update the risk universe list as necessary

ERM approach – Action plan



Scopes

- Evaluate company's current position and consider how to manage the identified risk categories and potential risk events / scenarios; and
- Identify risks that may not be adequately controlled and consider risk response/decisions with management

IC - Internal audit

“Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve the operations. It helps to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes” – *The Institute of Internal Auditors*

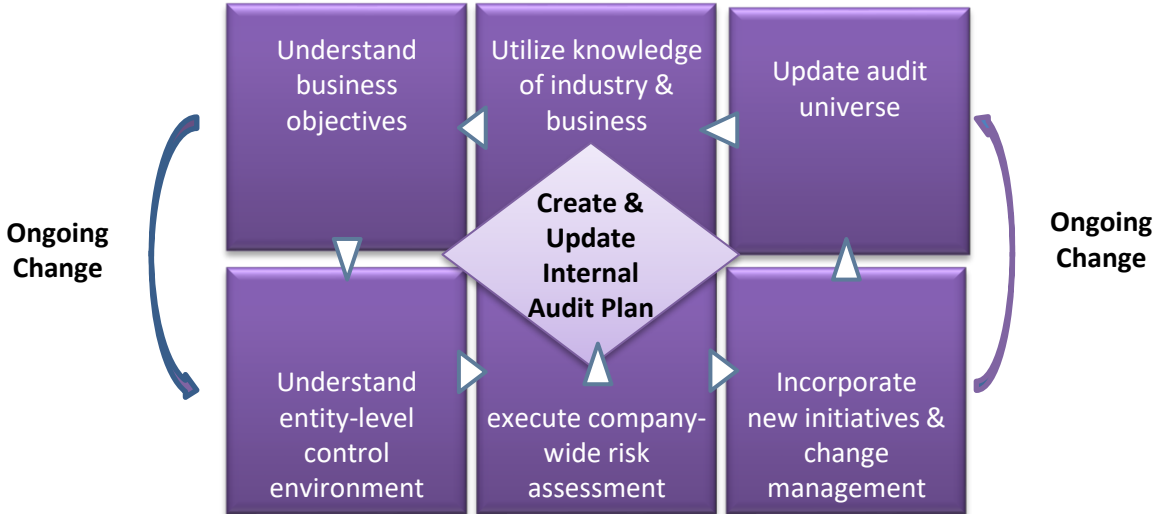
What is risk-based internal audit?

Risk-based internal auditing is defined as a methodology that links internal auditing to an organisation's overall risk management framework. A Risk-based approach allows internal audit to provide assurance to the board that risk management processes are managing risks effectively, in relation to the risk appetite – *The Institute of Internal Auditors*

An ongoing risk-based internal audit will provide much of the assurance on the effectiveness as well as the adequacy and integrity of the internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

IC - Methodology

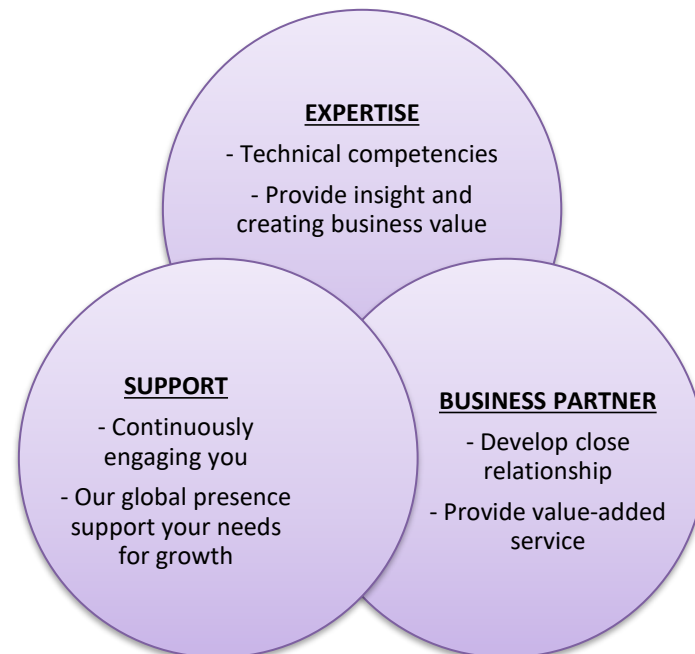
We use methodology designed to meet your corporate objectives towards internal controls and compliance. The methodology are summarized below.



IC - Our approach and commitment

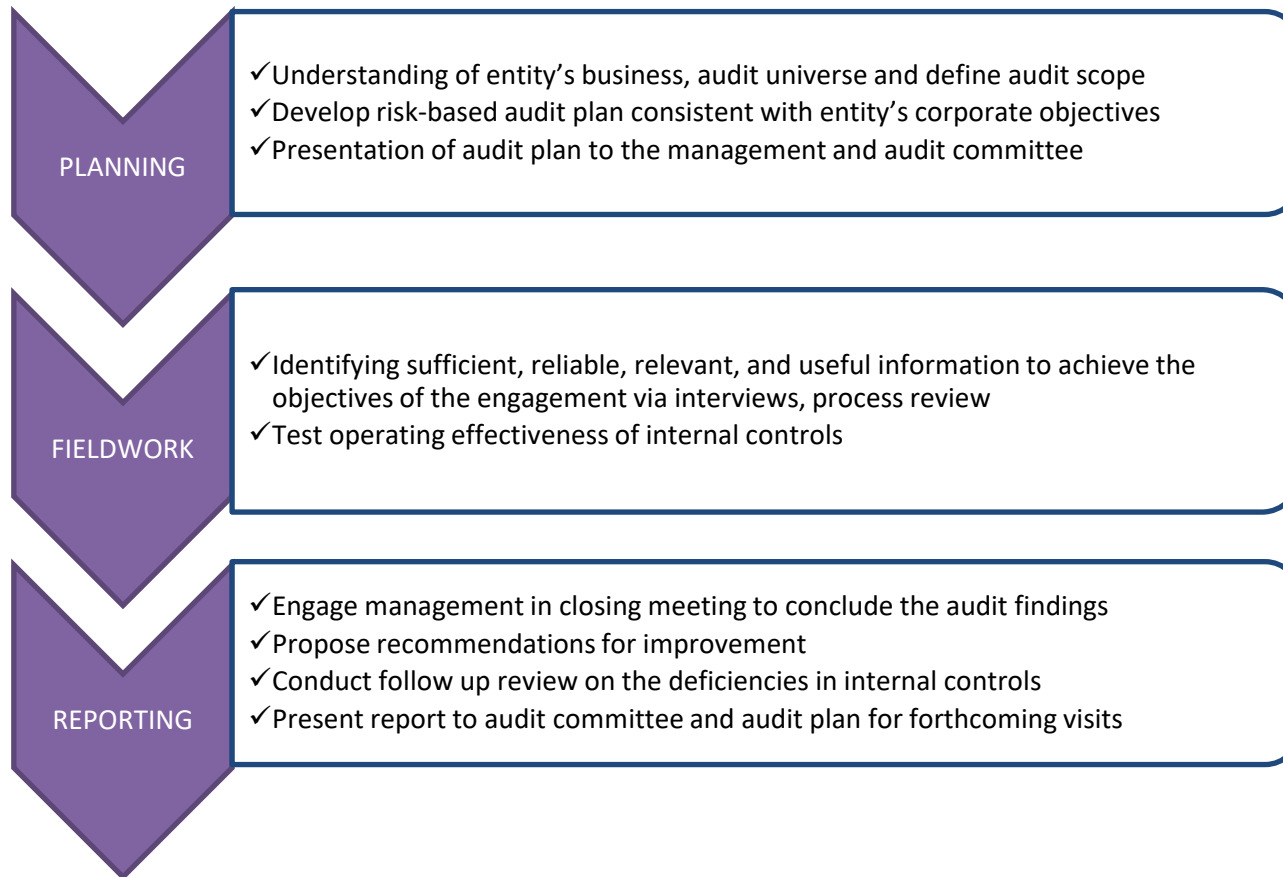
We employ a systematic methodology to analyse business processes and issues providing an objective view of the business's state of affairs and recommending solutions where appropriate. We offer tailored solutions of internal audit services to support our clients towards establishing and maintaining a sound system of internal control.

We advise and support you in implementing your Internal Control systems. The goal is to contribute to the operational efficiency and compliance of your organisation, in line with the legal requirements. Our solutions take into account each client's requirements and follow the best practices for each sector.



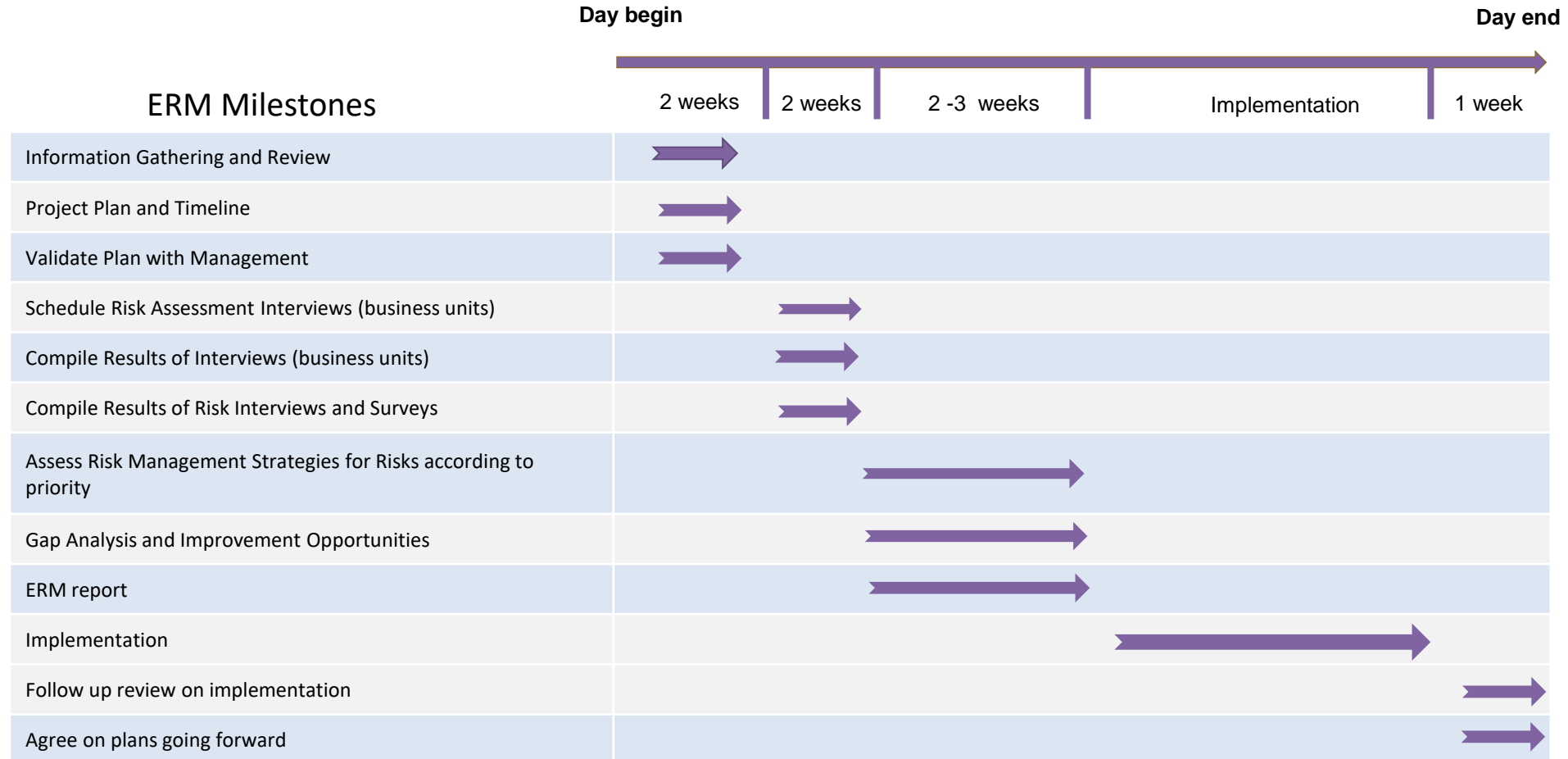
IC - Internal audit process

Typically, the internal audit process comprises three categories in planning, fieldwork and reporting. The elements of each are briefly outlined below



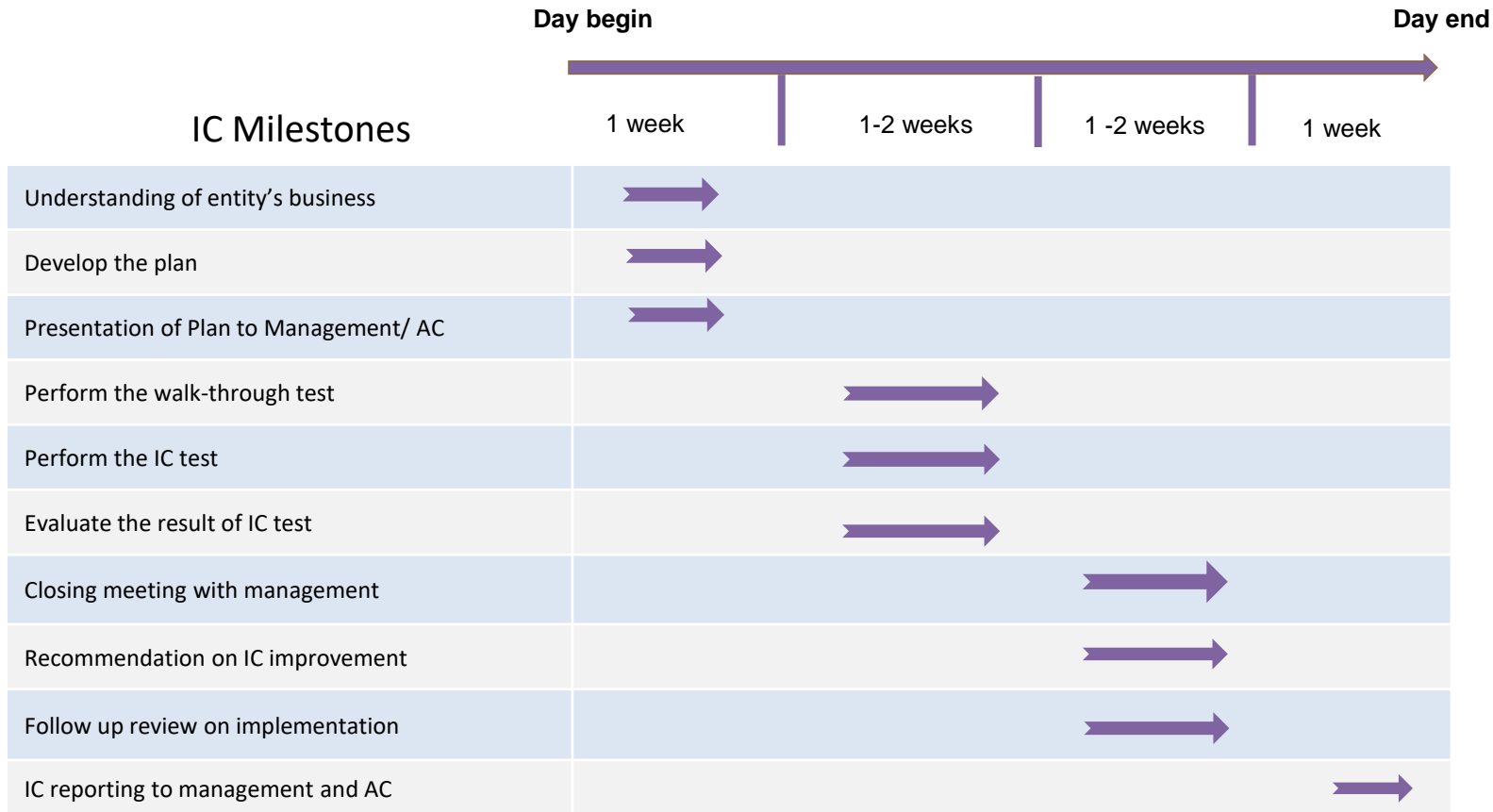
Timeline - ERM

The estimated timeline for the ERM process involving approach, detailing tasks, deliverables, and a project timeline are entail below. The proposed timeline is subject to confirmation with the management.



Timeline - IC

The estimated timeline for the IC review involving, detailed tasks, deliverables, and a project timeline are entail below. The proposed timeline is subject to confirmation with the management.



Our team of professionals

Thomas Tsang

Thomas has been in public practice since 2003, where he was the partner in charge for public and private companies' audit, initial public offerings audit and assurance work for business acquisitions. He has accumulated extensive audit and assurance experiences from international and mid-tier accounting firms in Hong Kong, China and Singapore.

He possesses the practical knowledges and experiences in risk assessment in operation, financial and corporate governance. He had led the internal control engagement of a listed company in Singapore. He also continuously review the operational, financial and compliance of law and regulations for listed company during the audit engagements.

He has been conducting trainings in audit methodology and accounting through structured training courses for staff development. He also provides technical advisory on audit and accounting issues.

Qualifications:

Public Accountant in Singapore, Approved liquidator in Singapore

FCA (Singapore), FCCA (UK), CPA (HK), CA (ICAEW), MAAT (UK)

MBA (University of Warwick, the UK)

Diploma in International Financial Reporting from ACCA



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TT Profession

(Public Accounting Firm registration no.: T19PF0001K)

- One of our professions is risk management and internal control.
- We are a team of professionals in the provision of tailor-made and client focused service.
- We provide services to business in cost effective and efficient manner.

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