

INSTITUTE OF
CERTIFIED
PUBLIC
ACCOUNTANTS
OF SINGAPORE



CPA SINGAPORE ROUNDTABLE
CUTTING THE
F-WORD IN
ACCOUNTING



ABOUT ICPAS

ESTABLISHED IN JUNE 1963, THE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF SINGAPORE (ICPAS) IS THE NATIONAL ACCOUNTANCY BODY THAT DEVELOPS, SUPPORTS AND ENHANCES THE INTEGRITY, STATUS AND INTERESTS OF THE ACCOUNTANCY PROFESSION IN SINGAPORE.

Today, the Institute has close to 20,000 members and/or Certified Public Accountants Singapore (CPAs Singapore) working and making their mark worldwide, which makes the CPA Singapore a designation with international recognition.

CPA Singapore is a professional in accountancy, finance and business who has the relevant work experience in addition to a recognised accountancy qualification. They are highly versatile and well sought after as business leaders beyond the accountancy, banking and finance industries.

ICPAS' international outlook and connections are reflected in its membership of regional and international professional organisations like the ASEAN Federation of Accountants (AFA), the Asia-Oceania Tax Consultants' Association (AOTCA) and the International Federation of Accountants (IFAC).

The Institute also caters for the training and professional development of its members through regular courses conducted by its training arm, the Singapore Accountancy Academy (SAA). The Academy was established in 1985 with a vision to service and foster the needs of the accountancy industry. It has trained thousands of individuals to upgrade their education and career needs through various academic and continuing professional education programs. There are currently more than 5,000 part time and full time students studying at the SAA, with students from Singapore, China, Vietnam, Myanmar, Indonesia, Philippines, and other Asia Pacific region.

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CPA Singapore Roundtable, organised by the Institute of Certified Public Accountants of Singapore (ICPAS), presents a platform for CPAs Singapore and industry players to discuss topical issues concerning the accounting and business community.

In this white paper is the discussion amongst nine c-levels, directors and senior executives on “Cutting the F-word in Accounting”. Participants shared their perspectives on how accounting professionals can help to detect and prevent fraud in the workplace.

Singapore’s government is ranked the world’s fourth least corrupt¹, after Denmark, Finland and New Zealand by Transparency International, the global coalition against corruption. This is quite an achievement for the city-state. However, the private and charity sectors have been hit by one scandal after another, involving directors, high level executives or leaders of large listed companies and charities. The recent slew of chief financial officers’ exits from public listed companies as well as directors quitting the Boards have also raised some eyebrows and gotten investors wondering what is going on in these organisations.

Every year, fraud and dishonest activities cost businesses and government agencies hundreds of billions in lost or misused funds. It dents Singapore’s reputation as a regional financial centre with high standards of corporate governance and efficient market regulators. Occurrences of fraud have a bearing on Singapore’s ambition to be the financial hub since the country has always regarded integrity as an ingredient of business confidence. Foreign investors will think twice about Singapore when they see this lack.

In this increasingly globalised, complex and technologically-driven market, what roles can accounting professionals perform in the prevention and deterrence of fraud and what are the appropriate actions required in the discovery of fraud?

The CPA Singapore Roundtable’s in-depth discussion covered issues on what fraud really is, tone at the top and the governance of charities. It also offered different perspectives on the role of the various stakeholders and called for legislations to be in place for whistle-blowing.

¹ Corruption Perception Index 2007, http://www.transparency.org/policy_research/surveys_indices/cpi/2007

AT THE ROUNDTABLE

CHAIRPERSON

DR ERNEST KAN

Vice-President
Institute of Certified Public
Accountants of Singapore

PARTICIPANTS

MR BILL BOWMAN

Director - Financial Compliance
Infineon Technologies Asia Pacific
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MR CHEUNG PUI YUEN

Audit Partner
Deloitte & Touche

MS GRACE GOH

Chief Financial Officer and Chief
Investment Officer
Hyflux Water Trust Management
Pte Ltd

MR LOO WEN LIEH

Group Financial Controller
Tee Yih Jia Food Manufacturing
Pte Ltd

A/P MAK YUEN TEEN

Regional Research Director
Watson Wyatt Worldwide

MR HARPREET SINGH NEHAL, SENIOR COUNSEL

Director
Drew & Napier LLC

MR PHILLIP TAN

Director
EQ Insurance Company Ltd

MR QUEK TUN YANG

Director / Partner
October Global Ventures Inc



Ernest Kan, Vice-President of the Institute of Certified Public Accountants of Singapore (ICPAS) kicked start the roundtable discussion by sharing that the vibrant economic landscape seems to have brought challenges in the detection and prevention of fraud.

ACCORDING TO THE STATISTICS IN AUSTRALIA AND UNITED STATES OF AMERICA, THE IMPACT OF FRAUD IN TERMS OF COST IS TREMENDOUS.

The Australian Institute of Criminology² estimates that corporate fraud costs the Australian economy approximately A\$3.5 billion each year. That is about 16% of the total annual cost of crime. For small business, fraud counts for more in dollars terms than employee theft, burglary, armed robbery, unarmed robbery and vandalism.

According to the US Federal Bureau of Investigation³ (FBI), during FY 2006, the FBI investigated 490 corporate fraud cases resulting in 171 indictments and 124 convictions of corporate criminals.

Further, the following notable statistical accomplishments are reflective in FY 2006 for corporate fraud: \$1.2 billion in restitutions, \$41.5 million in recoveries, \$14.2 million in fines, and \$62.6 million in seizures.

² Australia Institute of Criminology, www.aic.gov.au

³ US Federal Bureau of Investigation's Financial Crimes Report to the Public Fiscal Year 2006

FRAUD – WHAT IS IT?

IS THERE A CLEAR DEFINITION OF WHAT FRAUD IS?

The foregoing question was posed by Mak Yuen Teen, Regional Research Director for Asia Pacific of Watson Wyatt Worldwide. In trying to establish one, various perspectives were shared.

Harpreet Singh Nehal, Senior Counsel, Director of Drew & Napier LLC offered his legal perspective. “I think one dividing line would be if it falls within the penal code then it’s obviously a criminal offence and would constitute fraudulent behaviour. When money gets misappropriated from a company, you’ve got potentially criminal conduct; it’s a breach of duty and trust on the part of the person who exceeds his authority. One could very loosely describe such conduct as fraud. Also, where money has been applied in a way that it should not have been and if the company has been prejudiced, this also constitutes a fraud on the company,” said Harpreet.

While there are views that fraud is acted out of greed, not all agree that personal gain is the main issue here.

Harpreet said that the ultimate concern with corporate governance is how we can ensure that the assets of the company are properly preserved and applied for the benefit of the shareholders. “As long as assets get depleted and siphoned off, whether for personal gains or not, the corporation ought to be concerned,” he added.

“As long as assets get depleted and siphoned off, whether for personal gains or not, the corporation ought to be concerned.”

MR HARPREET SINGH NEHAL, SENIOR COUNSEL



FRAUD – WHAT IS IT?

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CPA SINGAPORE ROUNDTABLE CUTTING THE F-WORD IN ACCOUNTING

SOME SHARED THAT IT MAY NOT BE EASY TO DRAW THE LINE AND THIS ALL DEPENDS ON THE OUTCOME.

Cheung Pui Yuen, Audit Partner of Deloitte & Touche painted this scenario, “For example, the CFO or CEO may see a very good opportunity and want to do well for the shareholders’ gain and therefore may have exceeded his authority or may have transacted prior to approval but things turn sour. So it is difficult to say if it was done fraudulently at that time. It’s really very hard to judge because all those cases we had in the past are those that went very wrong. If they had made a lot of money then what would have happened?”

Bill Bowman, Director of Infineon Technologies Asia Pacific Pte Ltd expounded, “You can do something you shouldn’t really be doing and the market goes up and you make a fortune, you can be a superstar but

on the other hand if the market goes down, you lose the shareholders’ money and you end up in jail... so I think it’s important that stakeholders get hold of the financial results and ask sensible questions. Even extraordinarily good results should be reviewed carefully by stakeholders to understand what was really happening and what risks were being taken, or possibly internal controls broken, to generate those results.”

YET, THERE ARE VIEWS THAT IT IS A CLEAR-CUT CASE OF VIOLATING THE RULES AND REGULATIONS SET.

Phillip Tan, Director of EQ Insurance Company Ltd, said, “A fraud is a fraud. I think in the case of China Aviation Oil, the withholding of information from its own board and the (Singapore) Exchange, is the wrong thing to do. Even if he had made money, he had broken rules that he set himself.”

Grace Goh, Chief Financial Officer and Chief Investment Officer of Hyflux Water Trust Management Pte Ltd echoed this view, “In the case of treasury matters, the staff may be really monitoring the markets and thinking that there’s going to be a

good opportunity, but that’s besides the point because a control put in place is meant to be, it’s not for you to go speculate in the market, that’s exactly why the limits are put in place. It’s really about the execution and adherence to the controls.”

“You can do something you shouldn’t really be doing and the market goes up and you make a fortune, you can be a superstar but on the other hand if the market goes down, you lose the shareholders’ money and you end up in jail...”

MR BILL BOWMAN



ROLE OF THE STAKEHOLDERS IN DETECTING AND PREVENTING FRAUD

SO, ARE ACCOUNTING PROFESSIONALS USUALLY INVOLVED?

Ernest posed this question, “More often than not, when fraud occurs, is it true that an accounting professional or someone who has accounting qualifications in the organisation is typically involved?”

“In my experience, one person cannot do it by himself. Normally, the accountant will know that money is going out of the company because administratively, the money needs to be transferred through him. It is how sharp these people are and whether they choose to believe in it or blindly follow their superior’s instructions. In the Asia Pacific Brewery case, he can do it all alone perhaps because he was an accountant himself so accounting personnel normally is involved,” said Phillip.

“I guess the accounting personnel would somehow be involved in recording the transaction but whether they are actually involved in the fraud initiation and the fraud itself, it’s a different matter altogether,” offered Pui Yuen.

“I believe if you see a great deal of unusual transactions, you have the duty to ask as an accountant,” added Phillip.

“I think fraud usually involves collusion between at least two parties. In a high market cap or a

multi-national company, there is at least two senior management staff that has access to the overall picture; one is the CEO, the other the CFO. Very often the CFO is put in a very difficult position because he knows the cash flow going in and out and the directions of the CEO and he reports directly to the CEO. Sometimes when the CEO gives him instructions that are slightly off the tangent, he will be put in a spot - should he please the boss or to blow the whistle but who does he blow to?” shared Quek Tun Yang, Director of October Global Ventures Inc, a private equity firm.

“I guess the accounting personnel would somehow be involved in recording the transaction but whether they are actually involved in the fraud initiation and the fraud itself, it’s a different matter altogether.”

MR CHEUNG PUI YUEN



ROLE OF THE STAKEHOLDERS IN DETECTING AND PREVENTING FRAUD

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ROLE OF (EXTERNAL) AUDITORS

On the role of external auditors, Pui Yuen shared that auditors of listed companies have a legal obligation to report it if he discovers or has reason to believe that there is a serious offence of fraud in the course of his work. However, it is difficult for the auditor to determine in areas of judgment whether that error could be caused by fraud intentionally or by mistake.

He said, “Auditors in their job always has this concept of materiality that if the amount is not material then that particular sample may not have been selected to examine in detail. In such cases, the auditor would not be able to identify.”

ROLE OF THE INTERNAL AUDITORS

The view is that internal auditors are in a better position to detect fraud given that they are more familiar with the company’s operations. “Question is whether they have sufficient independence within the company,” added Yuen Teen.

For companies that are concerned about the cost of having internal auditors, Bill said, “Sure they come at a cost but a fraud is an even bigger cost so you just have to weigh it up.”

ERNEST THEN ASKED, “DO YOU THINK IT’S SURPRISING THAT WHEN A FRAUD CASE GETS BLOWN UP, ATTENTION IS USUALLY FOCUSED ON THE MANAGEMENT AND EXTERNAL AUDITORS BUT SELDOM ON THE INTERNAL AUDITORS?”

Phillip thinks there need to be public education on the role of the external auditors. “The public expects you to verify and check everything. The understanding from the public is not very high so we must educate them,” said Phillip.

Harpreet offered some assurance, “As long as you do what is reasonable in the circumstances and approach the auditing functions with a healthy dose of skepticism, the auditor has properly discharged his duties. The Courts never review the auditor conduct with the benefit of hindsight. While the public may not be well versed with the auditor’s duties, the Courts certainly are mindful of the standards expected of a reasonably competent auditor.”

“I think external auditors do have the responsibility in them. Particularly, if you look at the roles of internal and external auditing, internal auditors typically look at the process and internal controls, instead of financial audit. In fraud cases where profits were inflated, it’s the external auditor’s responsibility to see whether it was a proper accounting treatment,” shared Grace.



THE ROUNDTABLE CALLED FOR LEGISLATION FOR WHISTLE-BLOWING TO BE PUT IN PLACE IN SINGAPORE. STUDIES HAVE SHOWN THAT TIP-OFFS ARE THE SINGLE MOST EFFECTIVE MEANS BY WHICH ORGANISATIONS DETECT INTERNAL FRAUD.

The discussion emphasised that to encourage whistle-blowing, not only should there be protection for employees, clear guidelines on what constitutes a fraud need to be provided as well. However, companies should also be mindful that whistle-blowing does not turn out to be an avenue of complaint against another person for a disgruntled employee. Hence policies need to be in place to prevent frivolous complaints, such as subjecting the guilty to disciplinary action.

Yuen Teen thinks that people may not speak up given the Asian culture. He said, "Ethically, I think we all agree that the person should blow the whistle but I guess the reality is that many people will just quit. Probably this is just a conjecture but I believe this is more so in the Asian culture. I think in other cultures, people are more willing to speak up where they feel that they would not be ostracised if they speak up so I think the culture is just very different."

Harpreet on the other hand said he believes that there are still a lot of people out there with a sense of good will and a clear sense of what is right and wrong. "Given the proper protection, people will step out and do what is right so I don't think there is necessarily a reticence for people to take that risk," he said.

Calling for a legislation to be put in place in Singapore, Harpreet said, "You have got such legislation right across the developed world. Is there a compelling reason why we are not putting in place legislation here? I think legislation will achieve at least two purposes: One is there's a message to the public at large that if there is a credible complaint then you will be protected. Two, that corporate governance issues are important. Everyone down the line ought to be on the lookout and you do not have to be overly worried if in good faith and on a credible basis, you put forward a complaint."

"There are also worries that a whistle-blowing mechanism would be expensive."

MR LOO WEN LIEH

Bill highlighted the dilemmas one has to consider in face of blowing the whistle. He shared, "In many surveys I have seen, the whistle-blower does not just end up leaving the company but also has trouble finding another job within the same industry. So a whistle-blower's life is not easy. They must struggle with what's in the public interest by announcing why they are really resigning, versus keeping their own career on track and just resigning and quietly looking for a job somewhere else...not an easy decision for an individual to take. "



Ernest then asked, "In the light of other developed countries that already have strong whistle-blowing legislation provision but still face problems, do you think that what you are advocating, which is stronger protection for whistle-blowers, is sustainable?"

Yuen Teen said that whistle-blowing protection will help. Singapore is considered third world when it comes to protecting employees. However, legislation alone is not enough. "You still have to overcome this stigma that is attached to whistle-blowers. They will suffer significant personal costs with no rewards when they are really helping the company but people tend to forget that. There are situations that even fellow employees cannot accept this person."

THERE IS ALSO THE FUNDAMENTAL ISSUE OF BEING CLEAR ABOUT WHAT FRAUD REALLY IS.

"To the employee, a serious conflict of interest maybe something that warrants whistle-blowing but when this gets reported, some directors will see it just as a conflict of interest situation and is not a legal breach of the law," said Yuen Teen

Echoing this, Pui Yuen mentioned that educating the public and employees on the right thing to do is therefore important.

"If the board cannot be certain, how do we expect the employee to know when to whistle-blow?" he said.

Loo Wen Lieh, Group Financial Controller of Tee Yih Jia Food Manufacturing shared his experience that company directors may find that implementing whistle-blowing packages offered by third parties are rather costly. "There are also worries that a whistle-blowing mechanism would be expensive. I'm talking about third parties who offer whistle-blowing packages. The cost is quite substantial although the processes are good," he said.

Yuen Teen thinks otherwise. "Having a policy is not enough, you need to implement it, educate your staff, ensure it cascades down the line, have them understand the policy and invest some time and resources to properly whistle-blow. I believe investigation is costly but not implementing a whistle-blowing policy," he said.

Pui Yuen thinks that the cost is relative. "It's really the value you place on something like that which I think is difficult to judge," he said.

"You still have to overcome this stigma that is attached to whistle-blowers. They will suffer significant personal costs with no rewards when they are really helping the company but people tend to forget that."

A/P MAKYUEN TEEN

Bill Bowman suggested that implementing whistle-blowing need not be expensive. Having a number to call or an email address to send information to does not cost a lot. However, he emphasised that the person who receives the complaint call or email has to be someone independent. "The advantage of the whistle-blowing hotline in a company is it can help to detect fraud relatively early when it hasn't grown bigger and bigger until it threatens the whole organisation. There definitely are some upsides to having a whistle-blowing programme in the company," he added.

"Whistle-blowing policy is helpful because it provides the environment and an avenue for "whistle-blower" to go to in the event of suspected fraud," said Grace.



DIRECTING THE SPOTLIGHT ON “TONE AT THE TOP”, ERNEST ASKED, “LOOKING AT THE VARIOUS STAKEHOLDERS IN FRAUD DETECTION, THE TONE AT THE TOP IS CRITICAL. HOW DO YOU THINK THAT CAN WORK? WHAT I MEAN IS HOW CAN THE CEO AND TOP MANAGEMENT TRY TO PREVENT FRAUD? IN A NUMBER OF INSTANCES, THE PROBLEM ACTUALLY LIES WITH THE PEOPLE AT THE TOP.”

“Upfront, I would suggest the separation of duties between a Chairman and a CEO. Perhaps to legislate that the Chairman should be independent, meaning not be in anyway related to the CEO, by blood, connection or any service like a lawyer or accountant unless previously declared,” suggested Tun Yang.

“I think having good Independent Directors that have strong personalities is very important. Only then will you be able to do a proper governance process. The company’s attitude at the top should encourage transparency and show examples of good governance. I agree that it is a good idea to separate the duties of the CEO and Chairman,” said Phillip.

Taking reference from the Sarbanes-Oxley, Harpreet shared, “In terms of tone at the top, the Sarbanes-Oxley (SOX) in the US requires top two executives, the CEO and CFO to personally sign off on every financial report that

goes out, and state that they have reviewed the accounts, come to the view that there is no material misstatement to the best of their knowledge. If there is any fraudulent misstatement, they are liable personally. I think this is effective in the setting tone at the very top.”

Bill elaborated on the effectiveness of SOX, “The SOX is a result of the Enron and Worldcom incidents a few years ago. People basically lost confidence in the management. These days, SOX requires the laying down and testing of internal controls systems. The management has to test the internal controls themselves. When they are happy with it, they can then invite the auditor to agree with them that the internal controls are working. Surveys in the US that have been done have shown that there are practical benefits. Companies that are subject to SOX usually have few financial misstatements leading to having to restate previously issued financial statements, compared to those outside of SOX. But there is always the argument about cost-benefit. Yes there are fewer restatements, but how much money did it cost us to get that extra level of assurance? I think it has been demonstrated that the SOX legislation does work, giving investors greater confidence that the financial statements are reliable.”



“Upfront, I would suggest the separation of duties between a Chairman and a CEO. Perhaps to legislate that the Chairman should be independent, meaning not be in anyway related to the CEO, by blood, connection or any service like a lawyer or accountant unless previously declared.”

MR QUEK TUN YANG

THE CHARITY SCENE IN SINGAPORE HAS BEEN ROCKED BY A STRING OF RECENT SCANDALS. PUBLIC CONFIDENCE IN THE CHARITY SECTOR HAD BEEN UNDERMINED AFTER SEVERAL SCANDALS INVOLVING THE NATIONAL KIDNEY FOUNDATION, THE YOUTH CHALLENGE, ST JOHN'S HOME FOR ELDERLY PERSONS AND MORE. MANY SINGAPOREANS STARTED TO QUESTION AS TO WHERE THEIR DONATIONS GO TO.



“... we are also worried that if we introduce too much governing, then the charities won't work because people give up. Auditors don't want to audit charities, nobody wants to be the treasurer and even finding candidates for the board can be quite difficult.”

MR PHILLIP TAN

Currently, there are about 1,900 charities here, from large to small ones, and ranging from religious groups to the arts.

Drawing from recent cases of poor oversight, industry leaders looked at the governance of charities as part of the discussion. They shared the same opinion that strengthening the governance and financial control systems may be areas these charities need to look into to gain the public's confidence.

Turning the roundtable focus to charities, Ernest asked, “The impression given to the public is that there tend to be very little or inadequate internal accounting control surrounding the raising of fund and the authorisation over the usage of that fund. Is it true that charitable organisations these days are lacking in this area?”

“If you ask me whether fraud happens more in charities or those outside (the charities), I think it's also happening outside. It's just that when a charity case blows up, the media tends to cover it more because it's public money. The charities don't have the same corporate governance procedures but they are trying to improve. Speaking from the National Council of Social Service (NCSS) side, we are also worried that if we introduce too much governing, then the charities won't work because people give up. Auditors don't want to audit charities, nobody wants to be the treasurer and even finding candidates for the board can be quite difficult,” offered Phillip.

Ernest then asked, “In that case, do you think that we need to be more sympathetic because the people involved in charitable work normally have a charitable heart and are not there with ill intentions? Do you think that the society needs to be more understanding?”

Phillip cautioned, “I think once you deal with public money, you need to be very careful. So I think you need to cut the cloth as it fits. In a very large charity, in NCSS' definition is one which has a reserve of \$250 million, I would expect it to have the same standards as a public listed company. Then I have a group of do-gooders who just want to raise \$40,000. Are you going to introduce so many rules that they give up or you say that charity comes from the heart, you do what you can? Thus, I think we need to be practical. We can introduce lesser rules to the smaller ones. We don't want to kill their enthusiasm.”

Harpreet offered another view, “If you ask whether the standards ought to be different for profit-making organisations compared to charitable organisations, I would say no because I think they should be held to the same standards or even higher. This is because in the event that there is misgovernance or mismanagement of funds in a charity, the effect on fund-raising for other charities is going to be affected because people will lack the confidence that the funds going into charities are going to be properly applied. You can very well imagine the broader societal impact of that.”

Pui Yuen agreed and added, “I do agree that charities should be held to higher standards because their revenue is usually obtained entirely through donations whereas for companies, you develop and build on your assets. Although it’s public money involved, it’s different, because the investors put in the money knowing that there are risks involved but for charities, they are putting in money to help the people.”

“Even among companies, you have different standards and internal controls so I believe you can also distinguish the rules for charities but not necessarily between charities versus companies,” said Yuen Teen

Pui Yuen pointed out that cost is a concern for charities, “I think charities face the challenge whereby they would rather have a system that serves their needs and use more of the proceeds to

help people rather spend so much money on implementing all these controls and processes.”

“It is common that you can’t spend more than \$0.30 to raise every \$1. So are you suggesting that this is not practical? On one hand, we discourage the charity to spend more but on the other hand, they need to enhance controls to minimise the risk of fraud and hence, need to spend more to get this structured properly.”

DR ERNEST KAN

Weighing the expenditure versus the funds to be used solely for charity, Ernest then posed this question, “You all have a point about having higher standards for charities because they are handling public funds, then naturally, the cost of running a charity will have to go up. It is common that you can’t spend more than \$0.30 to raise every \$1. So are you suggesting that this is not practical? On one hand, we discourage the charity to spend more but on the other hand, they need to enhance controls to minimise the risk of fraud and hence, need to spend more to get this structured properly.”

“We’re talking about the protection of public money so I think it’s worth spending an extra five percent to safeguard it,” offered Grace.



Pui Yuen highlighted, “But the problem is the most common comment we get from the public is some of them may be reluctant to donate money to charities because you spend some of the money on the person raising it, the management, lawyers, accountants et cetera and not much of the money get to the needy. We get a conflicting situation because the public will ask why should I pay \$1 when only \$0.50 of my money goes to those who benefit?”

“People want some form of assurance that their money is put into good use and with the recent high-profile cases involving charities, people do want some protection in place and they should recognise that there are costs involved in the running of a charitable organisation,” answered Grace.

Pui Yuen also drew attention to the absence of benchmarks, “Also the issue is that there is no benchmark or ratio to say what is the proportion that they should be spending on these controls and procedures.”

“The Charity Council has a fund set up for a number of years to help charities with their governance costs with subsidies of up to 80-90 percent so I think donors do expect a fair bit of their donations to go directly to the beneficiaries. Ultimately, I think the costs will have to be borne by somebody else and hopefully, this \$45 million fund would help to address that kind of issues,” offered Yuen Teen.

Grace then asked if there is a possibility of setting up a central to help smaller charities to cope with these issues.

“Yes, shared services are being explored because one of the problems with smaller charities is you are not big enough to have your own human resource. Increasingly, we’re looking at the need to have compliance that can be on shared services basis. That will drive down some of the costs for governance in charities,” replied Yuen Teen.



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MS GRACE GOH

“I think shared services are the way to go. There must also be some form of basic controls, like two persons to a cheque, the board must be rotated, and majority of board members shouldn’t be paid. When the first set of charity rules came out, one of the rules requires them to have internal audit. Since then, it has been amended such that charities of certain size need internal audit and others only need internal review,” added Phillip.

IN CONCLUSION

“What we have looked at today is the role of the accountant and CFO versus the role of the broader management. My personal view is that the CFO should not be the only one responsible for the numbers presented in the financial statements. Other personnel and departments within the company are also feeding numbers into the financial statements. But the opinion which often holds sway is to hold the CFO primarily liable when there is an error or fraud.”

BILL BOWMAN

“Tone at the top plays a key role. The framework we have now over the appointment, compensation, and responsibility of Independent Directors is not that tight. There are situations where the CEO holds fifty to sixty percent share and he basically selects who he wants as the Independent Directors. In many foreign companies listed here, the Independent Directors are not even in Singapore. Thus, if we have a board structured this way, whistle-blowing and internal controls will not work well.”

CHEUNG PUI YUEN

“With the recent fraud cases and increasing corporate governance (as a result of the fraud cases), the responsibilities and fiduciary duties of Independent Directors have become more onerous. Qualified executives are now less willing to take up the role of an Independent Director. There is a shortage of qualified Independent Directors with the right qualifications and experience. The challenge for legislators and corporate governance watchdogs is to strike a balance when implementing regulations and policies.”

GRACE GOH

“There has been a lot of focus on CFOs recently. Basically, the role of CFOs are demanding and at times, conflicting. As a result, the tendencies for fraud may arise. Perhaps there can be legislation and certain functions can be separated out for the Chief Compliance Officers instead.”

LOO WEN LIEH

“I think we have to be a little bit careful in Singapore. I think over time, as companies operate overseas, there are potentially more opportunities for fraud. Increasingly we have companies listed here with management operations overseas, where we can't have the same type of enforcement.”

MAK YUEN TEEN

“Singapore wants to be a global financial centre. One of the areas to address is corporate governance so we have to look at legislation fairly quickly. Looking at one possibility in the US, an Independent Director can't sit on more than one directorship although this may be a bit drastic for Singapore. Here we have Independent Directors sitting on five to six boards. There must be some corporate governance concerning the participation and attendance of Independent Directors for board meetings. There are no measurable yardsticks to gauge effectiveness and competence of the Independent Directors and their performance to safeguard all shareholders' interest. So these are issues that we have to address.”

QUEK TUN YANG

“I think its time to seriously consider whistle-blowing legislation. We can adopt from the experience of developed countries.”

**HARPREET SINGH NEHAL,
SENIOR COUNSEL**

“Recently, it's very encouraging to see committee members resigning from a board. This shows that people are maturing because they dare to stand up. However, I believe we can have all the internal controls in the world but ultimately, it's the people at the governance level that counts.”

PHILLIP TAN

“I think we can conclude that detection and prevention of fraud cannot depend on a single party. It requires concerted effort and vigilance of all stakeholders.”

ERNEST KAN





DR ERNEST KAN
Vice-President
Institute of Certified Public Accountants of Singapore



Dr Ernest Kan, FCPA Singapore, has been the Vice-President since 2002, and a Council Member of the Institute of Certified Public Accountants of Singapore (ICPAS) since 2000.

Ernest, who has over 25 years of professional experience, is also a Chartered Accountant (FCA) of the Institute of Chartered Accountants in England & Wales, a Chartered Certified Accountant (FCCA) of the Association of Chartered Certified Accountants (ACCA) UK and a FCPA of CPA Australia. His academic qualifications include a PhD in Business Administration, Master of Philosophy and BA Degree in Accountancy Studies.

Currently, he is Chief-of-Operations (Clients and Market) and Head of IPO Group at Deloitte & Touche Singapore. Ernest also serves on the firm's Management Committee and is a Board Member of the Deloitte Global Chinese Services Group.

Ernest is actively involved in the development of the accountancy profession internationally, regionally and in Singapore, as well as the accountancy education in Singapore. On the international front, he was a Board Member of the International Federation of Accountants (IFAC) from 2003 – 2005. On the regional front, Ernest is a Council Member of the ASEAN Federation of Accountants (AFA). Locally, he is a Resource Panel Member of the Government Parliamentary Committee (Ministry of Finance and Ministry of Trade & Industry). Since 2004, he has been a Board Member of the Accounting and Corporate Regulatory Authority (ACRA) as well as its Public Accountants Oversight Committee.



MR BILL BOWMAN
Director - Financial Compliance
Infineon Technologies Asia Pacific Pte Ltd



Mr Bill Bowman is an Australian national and a Singapore PR. He has worked outside of Australia for the past 18 years, (12 years in Hong Kong and China, 6 years in Singapore).

Bill is a qualified CPA, and has experience in audit in a "big four" firm, before moving to industry where he has undertaken roles including regional Finance Director for Asia for an American multinational, and regional CFO for Asia for a European multinational.

For the past several years, Bill has specialised in roles managing internal controls, business conduct, and financial compliance - particularly compliance with the US Sarbanes Oxley Act (SOX).



MR CHEUNG PUI YUEN
Audit Partner
Deloitte & Touche



Mr Cheung Pui Yuen is a partner with Deloitte & Touche, Singapore and currently heads the Assurance & Advisory division.

In addition to providing audit and advisory services to listed and multinational companies, Pui Yuen is also actively involved in assisting local and overseas companies in their initial public offerings in Singapore.

Pui Yuen has conducted seminars for Deloitte & Touche, CPA Australia and ICPAS, and has served as an Adjunct Lecturer with the Singapore Management University. He has also served on the CPE and Accreditation Committees of the Public Accountants Oversight Committee (PAOC) and is a member of the Complaints and Disciplinary Panel, PAOC.

Pui Yuen obtained his Bachelor's degree from the National University of Singapore and holds a Master's degree from the University of Cambridge. He is a fellow of the Institute of Chartered Accountants in Australia, CPA Australia and the Institute of Certified Public Accountants of Singapore.



MS GRACE GOH

Chief Financial Officer and Chief Investment Officer
Hyflux Water Trust Management Pte Ltd



Ms Grace Goh is both the Chief Financial Officer and Chief Investment Officer of the Trustee-Manager. She is also the Company Secretary of the Trustee-Manager. Prior to joining the Trustee-Manager, Grace was the Group Chief Financial Officer and Executive Vice-President of Hyflux, where she led a team responsible for the overall financial management, funding, banking relationships, treasury functions, accounting, corporate compliance, internal controls as well as managing investor relations of the Group.

Grace has more than 15 years of regional working experience in both international multinational corporations and small medium enterprises in various senior finance positions in areas of acquisitions and due diligence, financial management, accounting, internal and external audit.

Grace obtained a Bachelor of Accountancy degree from The University of Singapore in 1988. In 1999, she obtained a Master in Business Administration degree awarded jointly by The University of Manchester and The University of Wales in the United Kingdom and was awarded the professional designation of Certified Internal Auditor by the Institute of Auditors, United States of America. Grace is a non-practising member of the Institute of Certified Public Accountants of Singapore.



MR HARPREET SINGH NEHAL, SENIOR COUNSEL

Director
Drew & Napier LLC



Advocates & Solicitors • Trademark & Patent Agents

Mr Harpreet Singh graduated the second top student in his NUS Law School Class of 1991. While at NUS, he also represented Singapore at the 1991 Philip C Jessup International Law Moot Court Competition in the US. Shortly after his admission to the Singapore Bar in 1992, Harpreet pursued his Master of Laws at Harvard Law School.

Upon graduation from Harvard in 1993, Harpreet was appointed a Justices' Law Clerk and clerked with former Chief Justice Mr Yong Pung How. In 1994, he became the first ever Singaporean to be invited to teach Negotiations at Harvard Law School to US and international judges, CEOs, diplomats, lawyers and academics. He resumed active practice in the Litigation Department of Drew & Napier in 1994 and was made a Partner in 1997.

In 2005, Harpreet was appointed a Resource Panel Member of the Government Parliamentary Committee for Law & Home Affairs. Since April 2006, he has also been appointed a Referee under the Industrial Relations Act. Harpreet was made Senior Counsel in January 2007.



MR LOO WEN LIEH

Group Financial Controller
Tee Yih Jia Food Manufacturing Pte Ltd



Mr Loo Wen Lieh is the Group Financial Controller of Tee Yih Jia Food Manufacturing Pte Ltd (TYJ). TYJ is a group of companies with food manufacturing operations globally and business interests in various F&B companies in various parts of the world. It is also a substantial shareholder in several listed companies on the SGX. Wen Lieh was previously the Chief Financial Officer and Company Secretary of two other listed companies on the SGX - Hengxin Technology Limited and Agva Corporation Limited where he was also involved in both companies' whole IPO process. Wen Lieh also worked for about 6 years in KPMG and was a manager involved in auditing, performing due diligence, and IPO work.

Wen Lieh graduated with a Bachelor of Accountancy from the Nanyang Technological University in 1996, and is a member of the Institute of Certified Public Accountants of Singapore and a member of the Institute's CFO Committee, and Social & Welfare Committee.



A/P MAK YUEN TEEN
Regional Research Director
Watson Wyatt Worldwide



Associate Professor Mak Yuen Teen is Regional Research Director for Asia Pacific at Watson Wyatt Worldwide and co-Director of the Corporate Governance and Financial Reporting Centre (CGFRC) at the National University of Singapore. He holds First Class Honours, Masters and PhD degrees in accounting and finance, and is a fellow of CPA Australia.

He is a core member of the OECD/World Bank's Asian Corporate Governance Roundtable. He is Chair of the selection committee for the Singapore Corporate Governance Awards, and Chair of the Investor Relations Award Committee and member of the CFO of the Year Award Committee under the Singapore Corporate Awards organised by The Business Times and the Singapore Exchange.

Yuen Teen was also a member of the Council on Corporate Disclosure and Governance from 2002-2005 and a member of the Corporate Governance Committee, which released Singapore's first Code of Corporate Governance for listed companies. He serves on boards of several non-profit organisations in Singapore and is member of the audit advisory committee of the United Nations Population Fund based in New York. He was a council member of the Singapore Institute of Directors from 2000-2005 and was formerly Deputy Chairman of the Corporate Governance Committee of the Institute of Certified Public Accountants of Singapore.



MR PHILLIP TAN
Director
EQ Insurance Company Ltd
A Member of the Citystate Group of Companies



Mr Phillip Tan is a CPA Singapore. He was a member of the Leadership team of PricewaterhouseCoopers (PWC) in Singapore and was the leader of the Firm's Capital Markets practice till he retired on 30th June 2007. He has more than 25 years of auditing experience of insurance companies and has advised on a wide range of issues in relation to insurance companies including cost reduction and reorganisations, mergers and acquisitions and financial investigations. He has been the leader of Insurance Practice for PwC for a number of years.

Phillip is currently a member of the Insurance Committee of the Institute of Certified Public Accountants Singapore and had been a past Chairman of that Committee. He is active in the community service and has been awarded the Public Service Medal, the Public Service Star and the Public Service Star (Bar).



MR QUEK TUN YANG
Director / Partner
October Global Ventures Inc



Mr Quek Tun Yang has been the Director / Partner at October Global Ventures Inc, a private equity firm for the past 6 years. He has over 25 years of business experience covering direct investments, marketing, finance and general management experience across a broad range of business.

Previously, he has worked in Ernst & Young, IBM and locally listed conglomerate Singapore Technologies Industrial Corporation Ltd (before merger with Sembawang Corporation Ltd to become Sembcorp Industries Ltd); the latter in roles as CFO and Director of Business Development where he spearheaded the listing on the mainboard and group's investment activities throughout Asia Pacific. He also had working and training stints in Hong Kong, New York and Tokyo.

Tun Yang graduated with a Bachelor of Accountancy from the National University of Singapore and is a FCPA Singapore. He is also a fellow of the UK Institute of Chartered Management Accountants and a member of the Singapore Institute of Directors. He also has a Diploma in Marketing from Chartered Institute of Marketing (UK) and MBA in International Business (with Honours) from Oklahoma City University (U.S.).

