

Prof. K C Chan & Dr. C M Tay

Audit Counts



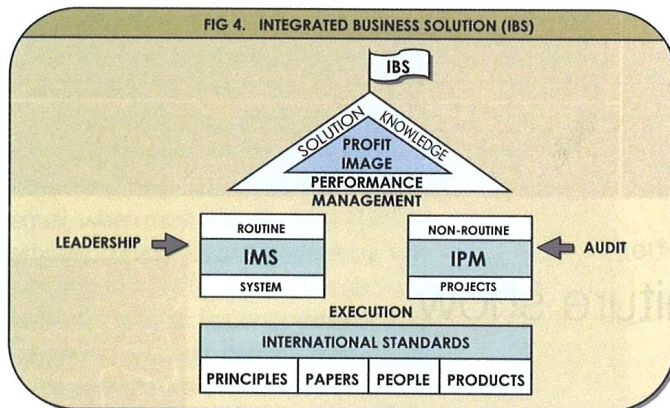
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1. THE INTEGRATED BUSINESS SOLUTION (IBS)

In our article "Standardization Helps" of the last issue - we proposed a HOUSE for IBS - of which we reproduce below for further elaboration.



Ad-hoc process management will produce ad-hoc results. Processes can be organized into (1) an INTEGRATED MANAGEMENT SYSTEM (IMS) to handle all business ROUTINES and, (2) an INTEGRATED PROJECT MANAGEMENT (IPM) of an Integrated Project System (IPS) to handle all business NON-ROUTINES including IMPROVEMENT.

Managers will need both the SYSTEM and PROJECT skills to assure risk-free PERFORMANCE - with business PROFIT and business IMAGE.

One way for managers to excel onsite is - experience building by 'SOLUTION-DRIVEN KNOWLEDGE', in an ACTION-LEARNING manner. This process includes a series of 'unlearning - relearning' activities - by individuals or teams - towards exceeding the set targets. New experience and Knowledge is created based on the latest process INPUTS as a result.

2. A BUSINESS EXCELLENCE MODEL

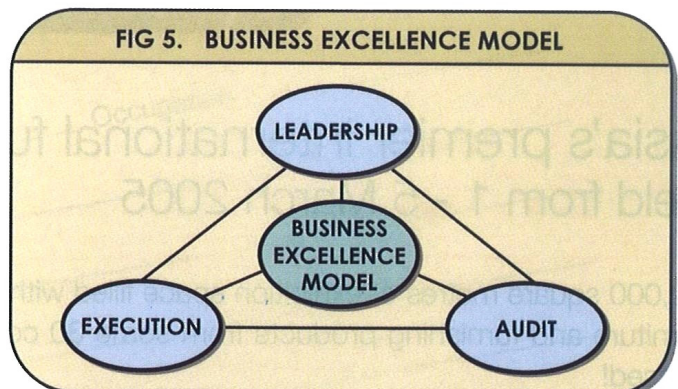
In the Machinery world - there is no such thing as AUTOMATION without CONTROL.

In the Management world - neither is there such thing as EMPOWERMENT without AUDIT - if OUTPUTS are to be doubly assured.

Market is flooded with all books on LEADERSHIP, until this book 'EXECUTION : THE DISCIPLINE OF GETTING THINGS DONE' became a number-one seller on AMAZON website in 2002.

After the ENRON case - it was said that ENRON was IMPROVING but not fast enough - only to have diverted into 'creative' Accounting.

The importance of an effective AUDIT arm has emerged without a second doubt.



On the corporate level, a business excellence model (FIG 5) is constructed to encompass : (1) LEADERSHIP excellence; (2) EXECUTION (by SYSTEM or PROJECT) excellence and, (3) AUDIT excellence.

AUDIT on FIGURES (i.e., FINANCE) is traditionally covered by FINANCIAL AUDITORS. AUDIT on FACTS (i.e., SYSTEM or PROJECTS) can be covered by Lead Auditors or Principal Auditors. AUDITS can be INTERNAL or EXTERNAL.

3. IN NEED OF NON-FINANCIAL AUDITS

To run a business - the top management requires both FACTS and FIGURES - both interlinked as CAUSE and EFFECT.

Good FIGURES (an EFFECT) will be derived from sound FACTS (a CAUSE) of operations - either SYSTEM or PROJECTS - from EXECUTION.

Good Principal Auditor or Lead Auditor will help to detect 'early warning signal' in FACTS - which otherwise may be covered up by nice words and good public-relations - before

the FIGURES are concluded.

Good Audit is a cheaper way of management - after empowerment. It prevents building-up of a thick layer of management 'fat' - by leaving it all to individual managers to conform, to perform and to improve - yet retaining the right to verify at scheduled intervals and times with minimal disruptions to operations.

Professional Audit is a proactive way of prompting for changes to improve by a second opinion - instead of counting on individual to self-assess or customers to complaint for improvement. It goes beyond the classroom preaching - by collaborating for effective action by an agreed time frame. In driving for solution to assure results by effective action - managers unlearn and relearn, with new experience and knowledge gained or created.

4. AUDIT QUALITY

Auditors shall observe the basic AUDIT PRINCIPLES.

Auditors shall possess the basic desirable ATTRIBUTES, qualifications, training and experience.

Auditors shall be IMPARTIAL and INDEPENDENCE on the audited areas, and able to best represent audit client's interests.

Auditors shall manage and execute the audit with due care and diligence, after due selection and teaming, fitness for the audit purpose.

Auditors shall maintain its own audit policy, audit procedures and audit programme for audit performance standards - and be effectively checked upon.

Auditors shall contribute to Management Value-Adds (MVA) in risk prevention, result assurance and relearning for improvement - hence the overall risk-free performance for profit and image of a business.

5. NON-COMMERCIALIZED AUDIT COUNTS

SYSTEM and AUDIT will not substitute the management drive in wanting to excel - though they directly or indirectly promote such.

AUDIT will complement the MANAGEMENT or PROJECT SYSTEM as a second-level check - on and behalf of the top management or audit clients.

With or without SYSTEM and AUDIT - managers will need to perform and improve anyway.

With AUDIT - hopefully Managers can act to perform and improve to manage better, faster, safer, cheaper, friendlier and healthier.

To assure no management surprises in EXECUTION to the LEADERSHIP's strategy - EMPOWERMENT alone may be a necessary condition; to complete the sufficient condition - PROFESSIONAL & NON-COMMERCIALIZED AUDIT really counts for a business.

IN SEARCH OF A
sustainable INTEGRATED BUSINESS SOLUTION while
satisfying all INTERNATIONAL STANDARDS
for also EXTERNAL CERTIFICATION PURPOSE
and sustainable CORPORATE CHANGE
& PROFIT GROWTH ?!

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