



4-5 October 2007

The iiag is a Special Interest Group of the Institute of Internal Auditors – UK & Ireland

Conference 2007

Enriching risk based assurance

A dedicated conference for internal auditors and risk assurance professionals in the financial services and insurance industry.



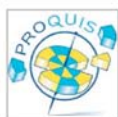
The 5th conference of the iiag returns to one of Scotland's luxury golf and country clubs, The Dalmahoy.

Join lead industry speakers from the FSA and ABI, and experts in the field of risk, regulation, governance and management assurance to discuss the emerging risks and challenges for our industry and profession.

Lead Sponsor:



Supported by:



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Welcome to Conference 2007

Dear Colleague,

On behalf of the iiaG Committee, I am pleased to introduce our 5th Conference programme.

As our firms continue to evolve in response to social, regulatory and economic pressures, effective business management and internal auditing means sharper focus on risks – to ensure that we help create value and wealth for the business, and to ensure that we strike the appropriate balance between compliance and performance that is necessary to deliver optimal benefits to all our stakeholders. Enriching risk based assurance must be our goal.

With leading speakers from the industry and experts in the field of risk, governance and management assurance, we will discuss the current challenges and emerging risks in our industry.

We kick off our programme by examining the changing regulatory and governance landscape, which includes the significant developments from the EU in respect of integrated financial management through Solvency II and the influence of climate change to the industry. The break out sessions will allow us to reflect on the impact of these emerging issues on our teams and our organizations. We complete our programme on a risk theme – with a practical case study for managing reputation risk, developments in risk management and integrated risk assurance. A member panel discussion on the effective internal auditor will wrap up the formal proceedings of the conference, and this, we believe, will provide a track for further debate at future iiaG events.

We look forward to seeing you at The Dalmahoy!

Your sincerely,

Vicky Kubitscheck
Chair, iiaG



Thursday 4 October – Friday 5 October 2007

Enriching risk based assurance

Conference Details for Day 1

0830 - 0900	REGISTRATION
0900 - 0915	WELCOME AND INTRODUCTION BY IIAG CHAIR , Vicky Kubitscheck Handover to Conference Chair: Paul Marshall, Managing Director, Protiviti Internal Audit
0915 - 1000	EXTREME EVENTS: CLIMATE CHANGE, ITS ECONOMIC IMPACT AND IMPLICATIONS FOR THE FINANCIAL SERVICES INDUSTRY Extreme events – from unimaginable terrorist action to inverted seasons dominate the headlines. The need to think “outside the box” and to evaluate the impact of extreme events on our industry and our business lies at the heart of the industry’s risk management and solvency framework, where firms are expected to stress test the resilience of their capital models. To help illustrate the importance of thinking outside the box, this session examines the phenomenon of climate change, its impact on the social and economic fabric of a nation as well as implications for our industry. In particular, we seek to understand the risks in our product design, pricing, hedging policies, portfolio management and impact on the customer as well as corporate reputation. Speaker: Dr Andrew Dlugolecki , Visiting Research Fellow at East Anglia University
1000 – 1040	LATEST REGULATORY DEVELOPMENTS CREATES OPPORTUNITIES AND RISKS TO THE INDUSTRY AND INTERNAL AUDIT A critical review of the regulatory developments within the UK and EU – from ICAS to Solvency II, TCF and New Conduct Of Business, MiFID and its impact on the industry and the internal audit profession. How should firms be embracing Solvency II to encourage better risk management and create opportunities in a principles based regulatory environment? What does industry led solutions mean and how should firms and internal auditors be working with the FSA? What is the role of Internal Audit and related risk functions in supporting management to attain high standards of business conduct and capital management while maximizing value to the business? Speaker: Paul Sharma , Financial Services Authority
1040 – 1110	PRACTICAL CHALLENGES FOR THE INSURANCE INDUSTRY As regulation continues to be a major influence in the industry, the ABI must aim to be on the front foot to provide its members with adequate support. What are the main challenges for our industry and what are our priorities for managing its risks to help restore market confidence and to create value to the business? Speaker: Yvonne Braun , Assistant Director of Financial Regulation, ABI
1110 – 1130	Coffee/Tea
1130 – 1210	HELPING AUDIT COMMITTEES TO DO WHAT THEY DO BETTER One of the most important stakeholder relationships for internal auditors is the Audit Committee. In this forum, the audit plan is signed off, reports are received from internal audit on the strength of internal controls, and the effectiveness of internal audit is assessed. In this presentation, Malcolm McCaig will take the topic of “best practice” from the perspective of an Audit Committee Chairman, and explore the following questions: <ul style="list-style-type: none">• What does the Audit Committee expect from internal audit, and how do their needs differ from other stakeholders• How does an Audit Committee interpret “best practice” for internal audit, and how does this affect their expectations• How do Audit Committee and Internal Audit acknowledge technical developments and jointly update their views• How does “best practice” translate into value and effectiveness from the perspective of the Audit Committee Speaker: Malcolm McCaig , Audit Committee Chairman, Erinaceaus, and Partner of Independent Audit
1210 – 1230	PRIORITIES OF THE EFFECTIVE INTERNAL AUDITOR To help set the scene for discussions at the conference, Paul will reflect on the challenges facing internal auditors under the principles based approach to regulations and governance and examine the priorities of the effective internal auditor. Speaker: Paul Marshall , Protiviti, Managing Director of Internal Audit Services
1230 – 1330	Lunch

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Conference Details for Day 1

1330 - 1530

SYNDICATE GROUP DISCUSSIONS

Delegates will elect in the reply form, which syndicate group they wish to attend for the rest of the afternoon, with an alternate choice. The Facilitator of each group will provide a 10 minute introduction to the subject and encourage discussions, focused on sharing ideas and best practice. A Reporter will be elected by the syndicate group to provide feedback on key points raised and best practice offered.

SYNDICATE A

MANAGING LEAN & EFFECTIVE AUDIT TEAMS

Facilitator: [Graham Ayre, Lincoln UK](#)

The majority of internal audit teams are small, but the demand for them to be effective remains the same as for large teams. Managing and maintaining effective teams with limited budgets is challenging as expectations from internal audit continue to grow in a principles based operating environment. As a group of experienced professionals, the IAG is well placed to examine the challenges that continue to face our audit managers and to discuss solutions.

- Recruiting and developing talent – interviewing techniques, talent spotting, co-sourcing
- Defining the audit charter and risk based approach to planning
- Directing resources to the needs of the business through effective monitoring of risks
- Relationship management – managing the expectations of our stakeholders

SYNDICATE B

INTEGRATING RISK MANAGEMENT & CONTROL FRAMEWORKS

Facilitator: [Neal Writer, Royal London](#)

Internal auditing as a profession is principles based, and has always taken an integrated approach to risk and control. With Solvency II on the horizon, and regulatory and governance regimes focusing on principles, how are internal auditors strengthening their approach to supporting management in a holistic and integrated manner?

- Developing KRIs and KCIs, and maximizing risk intelligence
- ARROW II Self Assessment of risks of the business from the FSA's perspective
- Integrated audit reporting – what does this mean? What does it look like? Is this what Management wants or need?

SYNDICATE C

EMERGING CHALLENGES FOR AUDIT TEAMS IN GENERAL INSURANCE

Facilitator: [Leslie Bryce, Pentana](#)

Increased regulatory requirements – from capital adequacy to contract certainty to financial crime, audit teams in GI firms are put under further pressure to perform and raise their game. We examine the challenges facing our teams, share experiences and tips, and consider ways in which the IAG network can provide support to its members.

- Current and emerging challenges for GI audit teams – culture, buy-in, systems
- Priorities for 2008+
- Good practices and way forward

SYNDICATE D

AUDITING AND PROVIDING ASSURANCE ON TECHNOLOGY RISKS

Facilitator: [Richard Mansell, Protiviti](#)

As our business continues to rely on technology to drive it forward, it is imperative for internal audit to understand the underlying risks to provide Management with the assurance and support it needs. In this session, we will examine the nature of technology risks facing auditors in our industry – from e-business to security and financial crime, and discuss the adequacy of the auditor's tool box.

- Current and emerging technology risks in our industry – IT strategy/governance, SOX, fraud etc
- Re-evaluating our tools and skills with the needs and risks of the business
- Priorities for 2008+
- Good practices and way forward

1530 – 1600

Coffee/tea

1600 – 1645

FEEDBACK FROM SYNDICATE GROUPS (10 mins each group)

1645 – 1700

SUMMATION FOR DAY BY CHAIR

1700 – 1830

DEMONSTRATIONS AND DRINKS RECEPTION

[IIA](#), [Protiviti](#), [Pentana](#), [ACL](#), [Proquis](#), [Algorithmics](#)

1900

Dinner

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Conference Details for Day 2

- 0900 – 0915 [IIAG CHAIR'S WELCOME BACK & INTRODUCTION FOR THE DAY](#)
Handover to Conference Chairman
- 0915 – 0945 [REPUTATION AND REGULATION: TALES OF THE UNEXPECTED](#)
Whether you're an auditor or marketer, analyst or customer, politician or regulator: Regulation and reputation go hand-in-hand. Their ritual encounter goes like this: An operational shock sets off market jitters, which allow (politically expedient) calls for new rules; some time later, the new rules are renegotiated so that markets can get back to work. Government, like us, now advocates a "no surprises" risk management regime – yet the shadow of political interventions will always hang over our markets. With the FSA going all discretionary on us, should we now take comfort that necessary lessons have been learned? What practical steps can be taken to manage this source of reputation risk, just in case?
Speaker: [Roger Miles, Risk Analyst and Advisor on strategies for managing reputational capital in the financial and public sectors at the King's Centre for Risk Management, which advises on risk regulation in industry and government.](#)
- 0945 – 1015 [FUTURE OF RISK MANAGEMENT OVERSIGHT – WHO IS THE CHIEF RISK OFFICER?](#)
Critical review of the emerging role of CROs in the insurance sector and comparison with the banking sector. This practical study examines the manner in which the financial services are responding to regulation and risk management regimes. Can the insurance sector learn from the lessons of the banking industry or from their own intelligence? What is the right solution? Is the integrate approach by internal audit the way to go?
Speaker: [David Townsend, Chairman of the BBA sub-committee on the Future of risk management](#)
- 1015 – 1045 [OPERATIONAL LOSS INTELLIGENCE – RISK BASED APPROACH TO PLANNING](#)
The recent focus on using operational loss data in capital modeling has somewhat overshadowed the wider benefits of such information. Loss information provides intelligence of a firm's operational controls. Critical root cause analysis of operational loss can help internal auditors direct their attention to areas of need in the organization. We review the operational loss information affecting our industry with the aim of using the intelligence for determining our priorities going forward.
Speaker: [Penny Cagan, Managing Director, Algorithmic – a member of the Fitch Group Inc](#)
- 1045 – 1115
Coffee/Tea
- 1115 – 1145 [RISK GOVERNANCE OVERSIGHT – INTEGRATED ASSURANCE](#)
Rising standards of transparent governance demand smarter aggregation of risk management and assurance across the business. How does Management and the Board gain assurance from the network of control, risk and assurance functions? Who is responsible for providing assurance and how can this be achieved efficiently? Having held several senior positions at the highest level from various angles in organisations, including Group Risk Director and Non-Executive Director roles, Rick will provide an independent perspective on the integrated assurance and who is really responsible for this.
Speaker: [Rick Hudson, Founder and Underwriting Director, Brighter Business](#)
- 1145 – 1215 [PANEL DISCUSSION: DEFINING THE EFFECTIVE INTERNAL AUDITOR](#)
Challenges for internal audit to maintain the highest standards of governance, risk and internal controls appear to increase year on year. Why is it difficult for our profession to demonstrate effectiveness? What are the expectations of auditors from their leaders? With our panel of experienced internal auditors, we will discuss and debate the validity of this question and the real challenges facing our profession. And more importantly, what are we doing about it.
Moderator: [Mark Luyt-Eastwood, Friends Provident](#)
Panel from Members of the iiag: [Invitations being finalised](#)
- 1215 – 1230 [SUMMARY BY CONFERENCE CHAIR](#)
- 1230 – 12:40 [CONFERENCE CLOSE BY IIAG CHAIR & COMMITTEE](#)
- 1245 – 1400
Lunch