

\*\*\*\*\*

***Happy New Year – Risk Forum announcement within this issue***

**1 of 3 – Risk Forum - 21<sup>st</sup>/23<sup>rd</sup> September 2009 (URGENT, please)**

Last year Pauline Bird and the remainder of our team ran a successful workshop. Well it can't have been bad . . . . .

*Appendix 1 attached*

**2 of 3 - Current News**

My thanks to Shaun Delaney and Mark Swaby for returning their completed parts of the preparation work for our *Flagship* . . . . .

*Appendix 2 attached*

**3 of 3 – April AGM and the SIG's future**

Now that Christmas is behind us, we can get down to the business of fixing a venue and date for . . . . .

*Appendix 3 attached*

See you soon with *NEWSLETTER No 36*.

Bruce Widdowson  
Secretary

e-mail [bruce.widdowson@btinternet.com](mailto:bruce.widdowson@btinternet.com) Tel. 0115 986 3254

***Appendices***

**1 of 3 – Risk Forum – 21<sup>st</sup>/23<sup>rd</sup> September 2009 (URGENT, please)**

Last year Pauline Bird and the remainder of the our team ran a successful workshop. Well it can't have been that bad because we have been asked if we wish to submit another proposal for 2009!

This year, the event is being moved to *The Uni of Warwick*, actually located on the southern edge of Coventry, which has previously been the base for the **irm** student workshops, has good M'way access but only moderate parking (depending on other activities running as well), plus being quite a pleasant venue too. If anyone would like to propose a subject within our orbit and actually run the workshop, could they contact me within the next couple of weeks (by 23<sup>rd</sup> January) as I will need to run the idea past Mike Ocock before replying to the office for the end of the month deadline.

**2 of 3 – Current News**

My thanks to Shaun Delaney and Mark Swaby for returning their completed parts of the preparation work for our *Flagship* publication on time. The manuscript is now proceeding at full speed ahead and you will be updated with progress through the pages of this *NEWSLETTER*.

A number of you replied to the December *NEWSFLASH* on *Madoff Madness* – the Editor's provocative comment on the state of auditing. Feedback was mainly positive, your comments included:

- 1) "I completely agree with what you've said"
- 2) "You may not have picked up from the papers that Maddoff's company was in fact audited by a small three-man practice in New York. This contravenes every accounting regulation in the book - no client should be more than 10% of an auditor's practice, to avoid the very issues that are raised by the Madoff case."
- 3) "It is a common error to think that numbers never lie - they do, all the time. A set of audited accounts is simply raw data fed through accounting policies (the application of which is a matter of opinion) and the application of any amount of judgement. Very few people bother to look at the accounting policies, when actually these are fundamental to understanding the numbers in the accounts".
- 4) "Someone (RM - Ed) who can stand back, look at the business model (in the broad sense), the people and apply the common-sense principles which tend to get ignored as people concentrate on the detail".
- 5) "I am not convinced that this (auditing - Ed) should be just accountant based but rather risk based of which financial risks and hence accountant based auditing is just one part. (This e-mail then lists four parts, with examples, as FINANCIAL; SAFETY; NATURAL and INFORMATION- Ed)

#### ***Editorial comment***

Fair point about the small firm of auditors in 2) above, although it could be argued that the need to bring in an RM consultant may have made such an infringement more difficult to pull off in the first place. Also, this excuse does not apply to other major failures that are in the public domain.

I think that whilst the concept in 5) above is admirable, such an advanced audit format needs to evolve over some years as there is a strong danger that too much change would cause the audit process to deteriorate or even stall altogether - not to mention the increase in audit costs! It may well be that there is also a need to embrace more of these aspects within the *Internal Auditor* role in checking an organisation's **RM** function, but that is another story which I will be looking at shortly.

***The Guide will now include a section on communicating with Auditors and Internal Audit.***

#### **3 of 3 - April AGM and the SIG's future**

Now that Christmas is behind us, we can get down to the business of fixing a venue for our 2009 annual meeting. Previously, we have located these within Central England. Whilst that is fine by me, I would also consider a London venue by way of a change.

***The meeting will be important this year.*** As well as the Chairman retiring (the Secretary position is also open to any nominee) - the three years basic research through the *NEWSLETTERS* will have drawn to a natural close and the resultant draft Guide should be with the **irm** office by the April meeting date.

Who wishes to have their name put forward for office and how would you all like the SIG to run for the future?

\*\*\*\*\* End of Transmission \*\*\*\*\*