

If you have difficulty viewing this newsletter, kindly click [here](#) to view online



| In this issue | March 2010 |
|--|--|
| <p>Headlines</p> <p>ERM Case Study: Takaful Malaysia - The ERM journey to Excellence</p> <p>Critical Emerging Strategic Performance & Risk Issues</p> | <p>Welcome to the March 2010 edition of Tricor Roots InTouch. This newsletter is aimed at keeping our Clients, Friends, Partners & Associates updated on what is happening in the world of Enterprise Governance.</p> <p style="text-align: center;">Enterprise-Risk Management Case Study: A Valuable Client Insight into Takaful Malaysia</p> <p>Syarikat Takaful Malaysia Berhad (Takaful Malaysia) is the first Takaful (Islamic Insurance) operator in Malaysia. As one of the largest players in the Takaful industry, Takaful Malaysia has experienced rapid growth over the past few years, and as such, having an effective Enterprise Risk Management (ERM) Framework is critical to ensure that the organisation addresses any potential weaknesses in its business model, organisation structure and key business processes as it continues to grow and expand in Malaysia and Internationally. Supporting this initiative has been the use of the Tricor Roots Q-RADAR system, which has led to a comprehensive transformation of the ERM Framework. An enlightening case study is provided below on how Takaful Malaysia has leveraged on ERM to assist it to achieve its strategic objectives.</p> <p style="text-align: center;">Full-house for the Q-RADAR Innovation Session for Q-RADAR System Users</p> <p>In February, Tricor Roots announced the availability of an Innovation Session entitled "Using Key Risk Indicators (KRIs) for proactive monitoring of risks". Due to overwhelming demand, the quota for the session was filled within a week. Tricor Roots will be organizing further sessions in the future. To register your interest or to find out more about future events, please contact Jaqueline Foo at 603 - 2264 3888 or jaqueline@tricor-roots.com</p> <p>We hope you enjoy this Newsletter, and as always, please do not hesitate to contact us should you have any queries. We love to hear from you.</p> <p>Your Trusted Business Advisor,</p> <p style="text-align: center;">Tricor Roots Consulting Executive Team</p> |

1. ERM Case Study: Takaful Malaysia - The ERM journey to Excellence



The existence of the risk management program at Takaful Malaysia can be traced back to 2003 – with the formation of the risk management department and the engagement of Tricor Roots Consulting (formerly known as Roots Consulting) to develop the company’s risk profile. Under the dynamic leadership of Dato’ Mohamed Hassan Kamil since 2007, new and creative strategies and tactical initiatives were implemented to reflect its recent rebranding exercise core objectives of being a young, modern and energetic company.

Being the 1st Takaful operator in Malaysia, the company’s formulation of the ERM framework in early 2008 is now the benchmark of many within and beyond the industry. Today, the implementation techniques deployed by Takaful Malaysia in risk management lives up to its mission of *‘establishing a world class risk management structure, process, infrastructure and culture to support Takaful Malaysia in achieving its corporate objectives’*.

This ERM implementation focuses on:

- Facilitating the integration of risk management into business process,
- Inculcating the ownership and accountability for both risks and controls,
- Instilling risk management awareness through continuous learning,
- Facilitating of the learning process with the aim of building risk management capability across business units

Aspiring to achieve only the best, Takaful Malaysia embarked on many key risk management initiatives which cover the areas of risk awareness, IT risk management, business continuity management, outsourcing risk management, occupational safety & health, new product risk management, risk & capital management; **more importantly**, striking a strategic partnership with Tricor Roots Consulting via the Q-RADAR system to systematically manage its risk scorecards.

The Q-RADAR system has revolutionized the way Takaful Malaysia manage, monitor and report its key risks. Started with a traditional 2 dimensional (likelihood-impact) reporting, Takaful Malaysia has now developed a comprehensive 3 dimensional risk dashboard by using the information generated from the system, with the consideration of the company’s risk appetite. Corporate risks are not only being measured based on its risk level (the combination of likelihood & impact), but also includes the 3rd dimension which is the risk direction which are linked to KRIs. Takaful Malaysia continuously monitors its KRIs, on monthly basis,

to enable Takaful Malaysia to track the risk trend and assess its exposure, apart from triggering appropriate response at the management (Management Risk Committee - MRC) and the Board (Risk Management Committee -RISCO) level.

In addition to the recent implementation of the CRS Consolidator & Scoring (CCS) modules, Takaful Malaysia is now in the midst of its 2nd wave risk management initiative to further strengthen its risk profiles and to align the risk at the departmental/divisional level to the corporate risk dashboard paving a way for a true 'top down bottom up' approach of managing risks. Through this advancement, risk management at Takaful Malaysia now receives important attention from the management as well as the Board.

Whilst strengthening its risk management methodology, processes and infrastructure, the management of Takaful Malaysia acknowledged that the true driver of its risk management excellence lies within its employees. Since the beginning of its ERM implementation in 2008, Takaful Malaysia has stressed the importance on having the concept of balanced 'driver-enabler' activities. Beginning with a risk culture survey to identify areas of improvements, Takaful Malaysia has created a target group via the establishment of embedded risk manager ('eRM') structure at the divisional and departmental level. The eRM are subjected to various knowledge sharing programs covering the general and technical aspects of ERM, attached to a continued professional development (CPD) program of which their involvement are closely monitored via various CPD approved activities and frequent walkthroughs, meetings and communications via internal newsletter '*risk&indicator*') and weekly issuances of ERM quotes and recently, the development of the risk management KPIs.

In addition, employees are also subjected to experiential learning via the BCM crisis simulation exercise (CSE). Moving forward, the company is now extending these risk awareness activities to cover the overall employee population, including those at the branches throughout Malaysia.

To further strengthen its risk awareness program, Takaful Malaysia has developed a comprehensive ERM intranet portal that goes beyond its normal usage. Apart from being utilized as a document repository channel, the portal is also equipped with interactive e-newsletters, surveys, live activities calendar, CPD program and 'risk indicator' section which houses various key information that serve as a 'one stop indicator centre' for employees. With the ability to extract data generated by Q-RADAR, the 'risk indicator' section also houses key information such as risk ratings, control effectiveness and management actions extracted and presented in clear and concise manner to further promote the RCSA (Risk & Control Self Assessment) culture in the company. By leveraging on technology, Takaful Malaysia accelerated its development of a comprehensive internal ERM training module in collaboration with a reputable ERM institute to further enhance its internal risk management capabilities. Takaful Malaysia also encourages its employees to share this knowledge through involvement in seminars, conferences and industry ERM workgroup. The 'knowledge sharing' approach undertaken by the company not only benefits its peers and partners alike but also forms a very strong source for Takaful Malaysia's future advancement in risk management.

Takaful Malaysia has come a long way to be where it is right now - with the list of tactical initiatives planned for the year, advancements will continue with everyone involved in making the risk management program at Takaful Malaysia a joint success.

Some of the screen shots of the Intranet Portal is set out below:



Figure1: Single portal for knowledge sharing of all risk information within the organisation

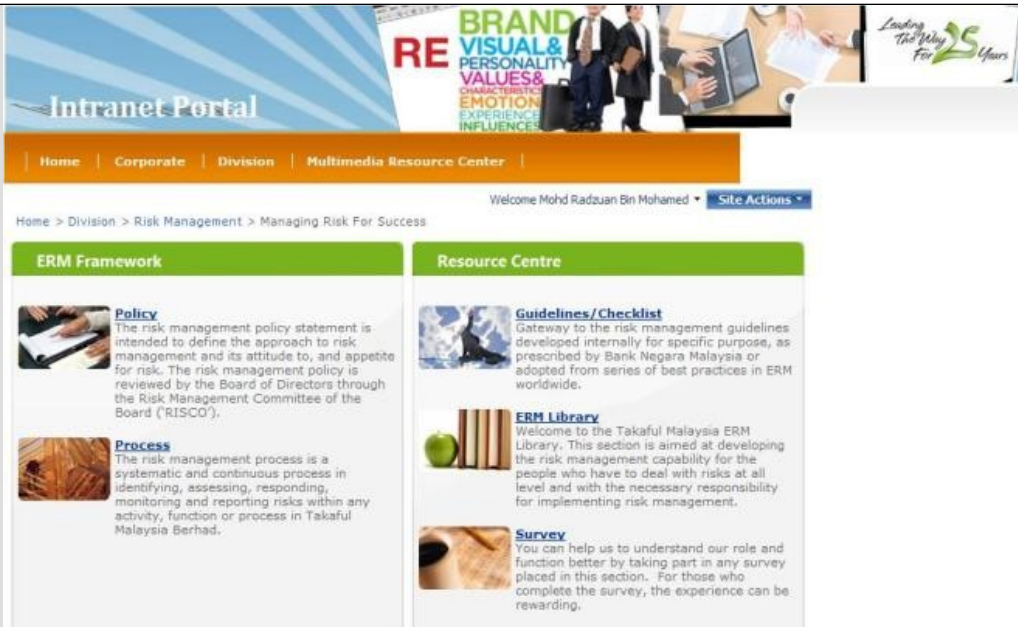


Figure 2: Extensive ERM resources to empower individuals within the organisation to effectively manage risk



Figure 3: Single repository for all Q-RADAR related materials

2. Critical Emerging Strategic Performance & Risk Issues

To better support our clients, we have outlined below recent global strategic performance and risk issues. The information contained is based on sources we believe to be reliable, but we do not guarantee its accuracy. Tricor Roots Consulting does not have any ownership over this information, nor does it represent our opinion.

Former directors fined RM 300,000 each for overstating revenue

thestar online, 25 February 2010

KUALA LUMPUR: Two former directors of a public-listed company were fined RM300,000 each by a Sessions Court here on Thursday after they admitted to overstating RM30mil in their investment holding company's revenue.

Ooi Boon Leong, 49, was a director and an audit committee member of MEMS Technology Bhd while Tan Yeow Teck, 49, was its chief financial officer and an executive director.

In sentencing, Sessions Court judge Asmadi Hussin ordered each accused to pay his fine or serve two years in jail. The two were said to have knowingly authorised the furnishing of a misleading statement to Bursa Malaysia Securities Bhd in Bukit Kewangan on Sept 27, 2007.

The misleading statement is contained in the report "MEMS Technology Berhad Condensed Consolidated Income Statements for the 12-month period ended July 31, 2007."

"Investors were misled with a statement issued to Bursa Malaysia on Sept 27, 2007,

which was approved by both accused. In the false statement, out of RM73,416mil recorded for revenue, RM30,169mil worth of sales did not take place. The false sales comprised 41% of the overall revenue," prosecuting officer Shanti Geoffrey said.

"Both are qualified accountants, they knew very well what they were doing," she said, adding that elements of forgery and cheating were involved in committing the offence.

She said both accused had also failed to carry out their duty to shareholders and that their actions had affected the confidence of investors in the company.

Click [here](#) to read more

About Tricor Roots Consulting (Previously known as Roots Consulting)

Tricor Roots Consulting is an established and vibrant organization incorporated in 1999 with the mission: Sharing a Passion for Excellence.

Our vision is to be a global consulting firm backed by innovative software solutions. We are highly focused towards assisting Organizations and Individuals to achieve their potential for Excellence. Tricor Roots Consulting has vast experience in providing training and consultancy services in the field of Governance, Risk & Compliance ("GRC") which includes Performance Management advisory for numerous public listed and many more non-listed companies in the Asia Pacific region from a diverse range of industries.

In addition, since the release of the **Q-RADAR System** in September 2001, over 350 companies in the Asia Pacific region have successfully leveraged on the system as part of the Performance Management & Risk Management Framework Implementation.

For more information, please log on to www.tricor-roots.com

Tricor Roots Consulting is part of the Tricor Group of companies. To find out more, go to www.tricorglobal.com.

Copyright © Tricor Roots Consulting Sdn Bhd

If you wish to cancel your subscription to this newsletter click [here](#)