

Listed Companies should have an internal audit function

1

Does the company have an internal audit function?

The presence of an internal audit function gives assurance to shareholders that management is concerned about the risks and the effectiveness of controls in the company.

"The Company should establish an effective internal audit function that is adequately resourced and independent of the activities that it audits."

— Singapore Code of Corporate Governance, Principle 13

The internal audit function should be independent of the activities it audits

The reporting line of the internal audit function is important as it helps to maintain the independence of the internal audit function.

"The Internal Auditor's primary line of reporting should be to the AC Chairman although the Internal Auditors would also report administratively to the CEO."

— Singapore Code of Corporate Governance, Principle 13.1

2

Who does the internal audit function report to?

The internal audit function should be well resourced

3

What is the size of the internal audit function?

The internal audit function should have sufficient capabilities in order to properly carry out their work. A generic way to judge this is the number of people that work in the internal audit function.

"The AC should ensure that the internal audit function is adequately resourced...."

— Singapore Code of Corporate Governance, Principle 13.2

What is the budget allocated to the internal audit function?

The budget allocated to the internal audit function is also an indication of the capabilities of the internal audit function, a larger budget being indicative of an increased capability, leading to an increase in assurance levels for the shareholder.

"The AC should review the adequacy of the budget, ensuring that there are no budgetary limitations that would constrain the ability of the Internal Audit Function to carry out its work."

— Guidebook on Audit Committees in Singapore, Section 3 Item 1.2.17

The internal audit function should be staffed with persons with the relevant qualifications

The level of qualification and prior work experience of the Head of Internal Audit is a good gauge of the quality of the audit work performance of the internal audit function in general.

"The internal audit function should be staffed with persons with the relevant qualifications..."

— Guidebook on Audit Committees in Singapore, Section 3 Item 13.3

4

What certification does the Head of Internal Audit hold?