The Institute of Internal Auditors

Internal auditors around the world are proud to dedicate May as the International Internal Audit Awareness Month, designated to focus on internal audit awareness-building efforts all over the world. To commemorate this joyous occasion, The Institute of Internal Auditors Singapore (IIAS) is pleased to publish this third annual part of our weekly series of articles about the Internal Audit profession.

IIAS is an affiliate of the IA, an international professional association representing the internal audit profession with over 150,000 members worldwide with headquarters in Florida, USA. The IIAS is the global voice of internal auditors and partners the business community to provide educational activities and standards for the professional practice of internal auditing.

ARTICLE BY MARY VEN TIN
"WHAT THE AUDIT COMMITTEE SHOULD ASK ABOUT THE INTERNAL AUDIT"

The increasing emphasis on corporate governance in Singapore and globally over the last decade or so has raised the status of the internal audit profession considerably. This has been accompanied by considerable raising of professional standards for internal auditing.

No longer is the internal auditor considered a poor cousin of the external auditor, and a discretionary cost by the company on which it is concerned about what the audit committee should be sought to the Chairman of the audit committee that the internal auditor should be a part of the audit committee. The guidelines set out in the Companies Act, which is concerned about his/her independence, should play a major role in the audit committee. It is essential to the effectiveness of the audit committee. Any issues that might be raised by the auditor, should be brought to the attention of the audit committee. The audit committee should be aware of the scope and responsibilities of the internal auditor.

While the Companies Act does not specifically require companies to have an internal audit function, the guidelines of the audit committee is to review the scope and results of the internal audit function. The audit committee should ensure that the internal auditor's responsibilities are adequately described and that he/she is adequately resourced.

The audit committee should be aware of the role of the internal auditor who is responsible for the internal audit function. The audit committee should be aware of the scope and responsibilities of the internal auditor. The audit committee should be aware of the independence of the audit committee.

As an audit committee, the auditor should address the effectiveness of the internal audit function. The audit committee should be aware of the effectiveness of the internal audit function.

Most audit committee members would be familiar with the audit committee's responsibilities for reviewing the audit plan, reviewing the internal audit plans, reviewing management's statements of the internal audit plans, reviewing management's reports of the internal audit plans, reviewing management's reports of the internal audit plans, reviewing management's reports of the internal audit plans, and so on. However, there are some fundamental questions that the audit committee should ask about the effectiveness of the internal audit function. Is the internal audit function likely to be effective and therefore whether the audit committee can rely on the internal audit function?

1. IS THE INTERNAL AUDIT FUNCTION INDEPENDENT?

A number of factors can affect the independence of the internal auditor. First and foremost, the internal auditor should be independent. If the internal audit function is part of the CEO or CIO, it is difficult to ensure independence. Second, the internal auditor should not be part of the management. It is important that the internal auditor has independence from the management.

The audit committee should, at least, be informed if the internal auditor is not replaced. Some codes and listing rules go further and recommend that the hiring, firing, and compensation of the internal auditor should be decided by the audit committee.

The internal auditor cannot have too many responsibilities. There is sometimes a temptation to pass matters which are management's responsibilities to the internal auditor. For example, in the course of their internal audit, the internal auditor may uncover weaknesses in the management. The audit committee should be informed about the weaknesses, not the internal auditor.

Finally, the responsibility of the internal auditor is to compete effectively with the independent company. For example, listing rules require the internal auditor to be a member of the audit committee.

2. WHAT IS THE SCOPE OF THE INTERNAL AUDIT FUNCTION?

An in-house internal audit function should have a charter which describes matters such as the mission, independence, scope and responsibilities, accountability, and standards to be followed. The audit committee should review the scope and results of the internal audit function. The audit committee should ensure that the internal auditor is adequately resourced and has sufficient independence. When setting up the internal audit function, the audit committee should ensure that the internal auditor is adequately resourced and has sufficient independence. The guidelines of the audit committee should allow for the appointment of the internal auditor

The scope of the internal audit function should be reviewed periodically by the audit committee. The audit committee should be aware of the scope and responsibilities of the internal auditor. The guidelines of the audit committee should allow for the appointment of the internal auditor

3. IS THE INTERNAL AUDITOR COMPETENT AND IS THE INTERNAL AUDIT FUNCTION ADEQUATELY RESOURCED?

Like the external auditor, there are professional standards applicable to the work of the internal auditor. However, unlike the external auditor, there is no code of ethics applicable to members of the internal audit profession. An internal auditor can be an employee of the company without professional training in internal auditing. The audit committee should be aware of the scope and responsibilities of the internal auditor. The audit committee should, at least, be informed if the internal auditor is not replaced.

The guidelines of the audit committee should allow for the appointment of the internal auditor

Questions about competence can also arise in relation to availability of qualified staff. The issue of whether internal audit should undertake investigations is a matter of debate. But, if the internal audit function is to be involved in such investigations, the audit committee should be aware of the scope and responsibilities of the internal auditor. The audit committee should also be aware of the scope and responsibilities of the internal auditor. The audit committee should, therefore, have an understanding of the scope and responsibilities of the internal auditor

The audit committee should also ensure that the internal audit function is subject to internal and external quality assurance assessments. Under ISAS standards, there should be annual internal quality assessment and an external quality assessment every three years or so.

The audit committee also needs to ensure that the internal audit function is adequately resourced. The audit committee should, at least, be aware of the scope and responsibilities of the internal auditor. The guidelines of the audit committee should allow for the appointment of the internal auditor

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4. SHOULD THE INTERNAL AUDIT FUNCTION BE IN-HOUSE, SOURCED OUT, OR CO-SOURCED?

Under the Singapore Code of Corporate Governance, the internal audit function can be in-house, outsourced, or co-sourced. The guidelines of the audit committee should allow for the appointment of the internal auditor. The guidelines of the audit committee should allow for the appointment of the internal auditor. The guidelines of the audit committee should allow for the appointment of the internal auditor.

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CONCLUSION

The internal audit is an important part of the corporate governance framework of a company, and the audit committee should be aware of the scope and responsibilities of the internal auditor. The guidelines of the audit committee should allow for the appointment of the internal auditor. The guidelines of the audit committee should allow for the appointment of the internal auditor.

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